

# **HANTAM**

## **MUNICIPALITY**



## **FINANCIAL STATEMENTS**

### **30 JUNE 2019**

# HANTAM MUNICIPALITY

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# **HANTAM MUNICIPALITY**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

### **GENERAL INFORMATION**

#### **NATURE OF BUSINESS**

Hantam Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### **COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### **JURISDICTION**

The Hantam Municipality includes the areas of Calvinia, Brandvlei, Loeriesfontein and Nieuwoudtville.

#### **MAYOR**

RN Swartz

#### **MUNICIPAL MANAGER**

JI Swartz

#### **CHIEF FINANCIAL OFFICER**

W Jonker

#### **REGISTERED OFFICE**

Private Bag X14  
Calvinia  
8190

#### **AUDITORS**

The Auditor-General  
Private Bag X5013  
Kimberley  
8300

#### **PRINCIPLE BANKERS**

Standard Bank

# HANTAM MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### GENERAL INFORMATION

#### ATTORNEYS

Louw & Muller  
Groenewaldt & Symington

#### RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act  
Water Services Act (Act no 108 of 1997)

#### MEMBERS OF THE HANTAM MUNICIPALITY

##### WARD

1  
2  
3  
4  
5  
Proportional  
Proportional  
Proportional  
Proportional

##### COUNCILLOR

H De Wee  
K Alexander  
FJ Sterkse  
JE Steenkamp  
G Opperman  
RN Swartz  
AJE Claasen  
G Gous  
HC Steenkamp

# HANTAM MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 5 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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Jl Swartz  
**Municipal Manager**

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Friday, August 30, 2019  
**Date**

# HANTAM MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R	2018 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>337 390 138</b>	<b>292 936 229</b>
Property, Plant and Equipment	2	291 177 705	255 671 540
Agricultural	3	13 500	67 500
Investment Property	4	43 161 000	34 729 700
Intangible Assets	5	1 300 412	725 218
Heritage Assets	6	1 618 055	1 618 055
Non-Current Receivables from Exchange Transactions	7	96 888	102 990
Non-Current Receivables from Non-Exchange Transactions	8	22 578	21 227
<b>Current Assets</b>		<b>15 269 510</b>	<b>19 016 201</b>
Inventory	9	175 614	72 112
Receivables from Exchange Transactions	10	4 601 033	3 389 686
Receivables from Non-exchange Transactions	11	1 541 109	1 784 660
Taxes	20.3	6 255 040	6 347 260
Current Portion of Non-Current Receivables	7 & 8	96 223	101 402
Cash and Cash Equivalents	12.1	2 600 491	7 321 082
<b>Total Assets</b>		<b>352 659 648</b>	<b>311 952 431</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>65 890 317</b>	<b>62 627 285</b>
Long-term Borrowings	13	-	164 440
Non-current Provisions	14	33 097 509	30 322 537
Non-current Employee Benefits	15	16 402 917	16 525 176
Trade and Other Payables from Exchange Transactions	18	16 389 892	15 615 132
<b>Current Liabilities</b>		<b>31 764 355</b>	<b>48 245 041</b>
Consumer Deposits	16	989 286	911 979
Current Employee Benefits	17	4 745 868	4 228 284
Trade and Other Payables from Exchange Transactions	18	25 864 761	37 257 481
Unspent Transfers and Subsidies	19	-	5 660 964
Current Portion of Long-term Borrowings	13	164 440	186 333
<b>Total Liabilities</b>		<b>97 654 672</b>	<b>110 872 326</b>
<b>Net Assets</b>		<b>255 004 976</b>	<b>201 080 104</b>
Revaluation Reserve	21	4 954 489	2 628 176
Accumulated Surplus/(Deficit)		250 050 487	198 451 929
<b>Total Net Assets and Liabilities</b>		<b>352 659 648</b>	<b>311 952 431</b>

# HANTAM MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>113 401 977</b>	<b>130 152 297</b>
<b>Taxation Revenue</b>		<b>8 421 415</b>	<b>8 387 927</b>
Property Rates	22	8 421 415	8 387 927
<b>Transfer Revenue</b>		<b>98 056 964</b>	<b>115 165 037</b>
Government Grants and Subsidies	23	97 056 964	115 165 037
Contributed Property, Plant and Equipment		1 000 000	-
<b>Other Revenue</b>		<b>6 923 598</b>	<b>6 599 333</b>
Actuarial Gains	15	1 084 048	1 066 259
Availability Charges	24	5 799 566	5 483 124
Fines, Penalties and Forfeits		39 984	49 950
<b>Revenue from Exchange Transactions</b>		<b>42 601 251</b>	<b>38 856 203</b>
Service Charges	25	35 461 429	33 358 671
Sales of Goods and Rendering of Services	26	332 111	178 407
Rental from Fixed Assets	27	347 081	349 873
Interest Earned - External Investments	28	1 198 138	1 072 322
Interest Earned - Exchange Transactions	29	2 123 885	1 135 683
Licences and Permits		2 152	657
Agency Services		509 011	925 592
Operational Revenue	30	2 627 443	1 834 998
<b>Total Revenue</b>		<b>156 003 228</b>	<b>169 008 499</b>
<b>EXPENDITURE</b>			
Employee related costs	31	(36 577 964)	(39 913 239)
Remuneration of Councillors	32	(3 102 684)	(3 031 625)
Bad Debts Written Off		(4 889 493)	(10 873 970)
Contracted Services	33	(12 479 654)	(11 581 996)
Depreciation and Amortisation	34	(12 899 938)	(9 984 682)
Finance Costs	35	(4 477 087)	(2 786 675)
Bulk Purchases	36	(22 004 921)	(20 464 378)
Inventory Consumed	9	(1 667 191)	(1 591 112)
Operating Leases		(231 858)	(201 014)
Transfers and Subsidies		(57 088)	(4 381)
Operational Costs	37	(9 931 847)	(7 273 694)
<b>Total Expenditure</b>		<b>(108 319 724)</b>	<b>(107 706 766)</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>47 683 504</b>	<b>61 301 734</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	9	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(4 265 198)	2 616 702
Gains/(Loss) on Sale of Fixed Assets	39	(143 703)	1 787 865
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(10 879)	-
Profit/(Loss) on Fair Value Adjustments	40	8 431 300	-
Water Losses	41	(96 463)	(64 412)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>51 598 562</b>	<b>65 642 207</b>

# HANTAM MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2017</b>	<b>2 628 176</b>	<b>156 554 311</b>	<b>159 182 487</b>
Correction of Error - Note 43.7	-	(23 744 589)	(23 744 589)
<b>Restated balance</b>	<b>2 628 176</b>	<b>132 809 721</b>	<b>135 437 898</b>
Net Surplus/(Deficit) for the year	-	65 642 207	65 642 207
Net Surplus/(Deficit) previously reported	-	66 647 142	66 647 142
Effects of Correction of Errors - Note 43.8	-	(1 004 935)	(1 004 935)
<b>Restated balance at 30 June 2018</b>	<b>2 628 176</b>	<b>198 451 929</b>	<b>201 080 105</b>
Transfer to Revaluation Reserve	2 326 313	-	2 326 313
<b>Balance at 30 June 2019</b>	<b>4 954 489</b>	<b>250 050 490</b>	<b>255 004 979</b>



# HANTAM MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		6 136 968	7 803 995
Service Charges		35 571 266	34 565 897
Other Revenue		3 833 358	5 383 752
Government - Operating		27 213 000	25 158 000
Government - Capital		64 183 000	95 642 000
Interest		1 198 138	1 072 322
Dividends		-	-
Cash payments			
Suppliers and Employees		(96 733 977)	(68 452 182)
Finance Charges		(1 346 952)	(82 154)
Transfers and Grants		-	-
<b>Net Cash from Operating Activities</b>	<b>44</b>	<b>40 054 801</b>	<b>101 091 629</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(44 101 104)	(94 494 575)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Investment Properties		-	-
Purchase of Intangible Assets		(575 194)	-
Purchase of Heritage Assets		-	-
Purchase of Agricultural Assets		-	-
Decrease/(Increase) in Non-Current Debtors		9 930	93 969
Decrease/(Increase) in Other Non-Current Receivables		-	-
Decrease/(Increase) in Non-Current Investments		-	-
<b>Net Cash from Investing Activities</b>		<b>(44 666 368)</b>	<b>(94 400 606)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term Loans		-	-
Borrowing - Long term/Refinancing		-	-
Increase/(Decrease) in Consumer Deposits		77 307	78 595
Repayment of Borrowing		(186 333)	(154 665)
<b>Net Cash from Financing Activities</b>		<b>(109 026)</b>	<b>(76 070)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(4 720 592)</b>	<b>6 614 953</b>
Cash and Cash Equivalents at the beginning of the year		7 321 082	706 128
Cash and Cash Equivalents at the end of the year	<b>45</b>	<b>2 600 491</b>	<b>7 321 082</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(4 720 591)</b>	<b>6 614 953</b>

**HANTAM MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2019 R	%
ASSETS									
Current Assets									
		22 778 969	(13 159 888)	9 619 081	-	-	9 619 081	2 600 491	-72.97%
	Cash	-	-	-	-	-	-	-	-
	Call Investment Deposits	2 100 000	-	2 100 000	-	-	2 100 000	4 601 033	119.10%
	Consumer Debtors	5 774 292	-	5 774 292	-	-	5 774 292	7 796 150	35.01%
	Other Debtors	-	-	-	-	-	-	96 223	100.00%
	Current Portion of long-term receivables	80 173	-	80 173	-	-	80 173	175 614	119.04%
	Inventory								
			</						

**HANTAM MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds  (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2019 R	%
REVENUE									
	Property Rates	8 832 882	(48 978)	8 783 904	-	-	8 783 904	8 421 415	-4.13%
	Service Charges - Electricity Revenue	28 527 193	-	28 527 193	-	-	28 527 193	28 518 580	-0.03%
	Service Charges - Water Revenue	11 062 679	(100)	11 062 579	-	-	11 062 579	3 621 412	-67.26%
	Service Charges - Sanitation Revenue	6 533 724	-	6 533 724	-	-	6 533 724	4 366 651	-33.17%
	Service Charges - Refuse Revenue	6 912 728	89 505	7 002 233	-	-	7 002 233	4 754 353	-32.10%
	Rental of Facilities and Equipment	1 088 113	7 411	1 095 524	-	-	1 095 524	347 081	-68.32%
	Interest Earned - External Investments	-	-	-	-	-	-	1 198 138	100.00%
	Interest Earned - Outstanding Debtors	1 946 495	(60 000)	1 886 495	-	-	1 886 495	2 123 885	12.58%
	Dividends Received	-	-	-	-	-	-	-	-
	Fines	34 325	(21 325)	13 000	-	-	13 000	39 984	207.57%
	Licences and Permits	-	2 600	2 600	-	-	2 600	2 152	-17.23%
	Agency Services	809 146	-	809 146	-	-	809 146	509 011	-37.09%
	Transfers Recognised - Operational	27 213 000	-	27 213 000	-	-	27 213 000	27 213 000	-
	Other Revenue	1 681 264	803 863	2 485 127	-	-	2 485 127	11 390 854	358.36%
	Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)									
	48.2.6	94 641 549	772 976	95 414 525	-	-	95 414 525	92 506 516	-3.05%
EXPENDITURE									
	Employee Related Costs	41 314 004	(1 923 644)	39 390 360	-	-	39 390 360	35 493 916	-9.89%
	Remuneration of Councillors	3 254 748	(170 486)	3 084 262	-	-	3 084 262	3 102 684	0.60%
	Debt Impairment	12 980 764	-	12 980 764	-	-	12 980 764	4 265 198	-67.14%
	Depreciation and Asset Impairment	8 042 115	(882 782)	7 159 333	-	-	7 159 333	12 899 938	80.18%
	Finance Charges	2 185 592	15 646	2 201 238	-	-	2 201 238	4 477 087	103.39%
	Bulk Purchases	24 211 321	889 159	25 100 480	-	-	25 100 480	22 004 921	-12.33%
	Other Materials	2 178 315	313 110	2 491 425	-	-	2 491 425	1 667 191	-33.08%
	Contracted Services	9 132 393	1 228 990	10 361 383	-	-	10 361 383	12 479 654	20.44%
	Transfers and Grants	157 950	(107 650)	50 300	-	-	50 300	57 088	13.50%
	Other Expenditure	9 919 251	966 612	10 885 863	-	-	10 885 863	15 160 540	39.27%
	Loss on Disposal of PPE	-	-	-	-	-	-	143 703	100.00%
Total Expenditure									
	48.2.7	113 376 453	328 955	113 705 408	-	-	113 705 408	111 751 918	-1.72%
Surplus/(Deficit)									
		(18 734 904)	444 021	(18 290 883)	-	-	(18 290 883)	(19 245 402)	5.22%
	Transfers Recognised - Capital	61 837 000	(2 220 000)	59 617 000	-	-	59 617 000	69 843 964	17.15%
	Contributions Recognised - Capital	-	-	-	-	-	-	-	-
	Contributed Assets	-	-	-	-	-	-	1 000 000	100.00%
Surplus/(Deficit) after Capital Transfers & Contributions									
		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	51 598 562	24.86%
	Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation									
		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	51 598 562	24.86%
	Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality									
		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	51 598 562	24.86%
	Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year									
		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	51 598 562	24.86%

**HANTAM MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	
		R	R	R	R	R	R	2019 R	%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
	Taxation	7 066 306	(11 343)	7 054 963	-	-	7 054 963	6 136 968	-13.01%	
	Service Charges	46 831 936	36 916	46 868 852	-	-	46 868 852	35 571 266	-24.10%	
	Other Revenue	3 484 877	(175 104)	3 309 773	-	-	3 309 773	3 833 358	15.82%	
	Government - Operating	27 213 000	-	27 213 000	-	-	27 213 000	27 213 000	-	
	Government - Capital	61 837 000	(2 220 000)	59 617 000	-	-	59 617 000	64 183 000	7.66%	
	Interest	1 718 787	(1 718 787)	-	-	-	-	1 198 138	100.00%	
	Dividends	-	-	-	-	-	-	-	-	
Payments										
	Suppliers and Employees	(81 127 913)	(13 409 703)	(94 537 616)	-	-	(94 537 616)	(96 733 977)	2.32%	
	Finance costs	-	-	-	-	-	-	(1 346 952)	-100.00%	
	Transfers and Grants	-	-	-	-	-	-	-	-	
	Net Cash from/(used) Operating Activities	48.2.8	67 023 993	(17 498 021)	49 525 972	-	-	49 525 972	40 054 801	-19.12%
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
	Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	
	Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	9 930	100.00%	
	Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-	
	Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-	
Payments										
	Capital Assets	(62 203 000)	723 000	(61 480 000)	-	-	(61 480 000)	(44 676 297)	-27.33%	
	Net Cash from/(used) Investing Activities	48.2.9	(62 203 000)	723 000	(61 480 000)	-	-	(61 480 000)	(44 666 368)	-27.35%
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
	Short Term Loans	-	-	-	-	-	-	-	-	
	Borrowing long term/refinancing	-	-	-	-	-	-	-	-	
	Increase/(Decrease) in Consumer Deposits	60 000	-	60 000	-	-	60 000	77 307	28.85%	
Payments										
	Repayment of Borrowing	(631 817)	15 615 132	14 983 315	-	-	14 983 315	(186 333)	-101.24%	
	Net Cash from/(used) Financing Activities	48.2.10	(571 817)	15 615 132	15 043 315	-	-	15 043 315	(109 026)	-100.72%
NET INCREASE/(DECREASE) IN CASH HELD										
	Cash and Cash Equivalents at the year begin:	4 249 176	(1 159 889)	3 089 287	-	-	3 089 287	(4 720 592)	-252.81%	
		18 530 000	(12 000 206)	6 529 794	-	-	6 529 794	7 321 082	12.12%	
	Cash and Cash Equivalents at the year end:	22 779 176	(13 160 095)	9 619 081	-	-	9 619 081	2 600 490	-72.97%	

## **INSERT ACCOUNTING POLICY**

**See word document**

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HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Revaluation	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
<b>Infrastructure</b>													
Roads and Storm Water	37 442 315	-	6 214 578	-	-	43 656 893	7 807 474	-	2 273 850	-	-	10 081 323	33 575 570
Electricity	19 404 438	-	11 198 661	-	-	30 603 099	10 012 370	-	713 289	-	-	10 725 660	19 877 440
Water Supply	149 827 330	-	25 965 635	-	-	175 792 965	11 445 962	-	4 032 318	-	-	15 478 280	160 314 685
Sanitation	53 932 789	-	-	-	-	53 932 789	6 715 787	-	1 295 293	-	-	8 011 080	45 921 709
Solid Waste	14 717 500	-	1 079 274	-	-	15 796 774	4 248 360	-	1 304 582	-	-	5 552 941	10 243 833
	275 324 373	-	44 458 148	-	-	319 782 520	40 229 953	-	9 619 332	-	-	49 849 284	269 933 236
<b>Community Assets</b>													
Community Facilities	8 891 896	-	31 522	-	-	8 923 417	2 379 707	-	365 773	-	-	2 745 480	6 177 937
Sport and Recreation Facilities	7 645 271	-	-	-	-	7 645 271	883 926	-	72 732	-	-	956 658	6 688 613
Outdoor Facilities	16 537 166	-	31 522	-	-	16 568 688	3 263 633	-	438 506	-	-	3 702 138	12 866 550

30 JUNE 2019 (Continue)

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Revaluation	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
<b>Other Assets</b>													
Other Land	1 346 153	-	-	441 258	(2 000)	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	3 687 884	-	-	1 885 055	-	5 572 939	2 472 948	-	1 453 959	-	-	3 926 907	1 646 032
Furniture and Office Equipment	3 921 523	-	324 264	-	(260 226)	3 985 561	2 767 190	-	406 357	-	(221 047)	2 952 501	1 033 060
Machinery and Equipment	1 389 933	-	63 465	-	(145 722)	1 307 676	659 679	-	191 677	-	(125 982)	725 374	582 301
Transport Assets	8 114 798	-	1 302 965	-	(213 754)	9 204 009	5 556 117	-	697 163	-	(205 580)	6 047 700	3 156 309
	18 460 291	-	1 690 693	2 326 313	(621 702)	21 855 595	11 455 934	-	2 749 156	-	(552 608)	13 652 482	8 203 113
<b>Leases</b>													
Furniture and Office Equipment	539 815	-	-	-	(74 307)	465 508	240 576	-	103 823	-	(53 698)	290 701	174 807
	539 815	-	-	-	(74 307)	465 508	240 576	-	103 823	-	(53 698)	290 701	174 807
<b>Total</b>	310 861 645	-	46 180 362	2 326 313	(696 009)	358 672 311	55 190 095	-	12 910 817	-	(606 306)	67 494 606	291 177 705

## HANTAM MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 2.2 30 JUNE 2018

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
<b>Infrastructure</b>													
Roads and Storm Water	72 187 657	(48 102 624)	13 414 083	-	(56 801)	37 442 315	18 836 193	(13 167 597)	2 172 770	-	(33 892)	7 807 474	29 634 842
Electricity	20 596 227	(1 668 770)	476 981	-	-	19 404 438	13 047 269	(3 534 328)	494 082	-	5 347	10 012 370	9 392 068
Water Supply	86 799 125	(6 853 911)	69 882 115	-	-	149 827 330	40 815 838	(31 777 224)	2 407 348	-	-	11 445 962	138 381 368
Sanitation	55 064 801	(6 980 437)	5 964 642	-	(116 217)	53 932 789	17 626 887	(12 087 157)	1 214 489	-	(38 432)	6 715 787	47 217 002
Solid Waste	19 657 207	(1 984 049)	(2 955 657)	-	-	14 717 500	868 923	1 769 095	1 610 341	-	-	4 248 360	10 469 141
	254 305 017	(65 589 791)	86 782 164	-	(173 018)	275 324 373	91 195 110	(58 797 209)	7 899 030	-	(66 978)	40 229 953	235 094 420
<b>Community Assets</b>													
Community Facilities	17 940 578	(15 022 611)	5 973 929	-	-	8 891 896	3 994 459	(1 980 526)	365 773	-	-	2 379 707	6 512 189
Sport and Recreation Facilities													
Outdoor Facilities	2 555 605	5 089 666	-	-	-	7 645 271	1 305 380	(494 186)	72 732	-	-	883 926	6 761 345
	20 496 183	(9 932 946)	5 973 929	-	-	16 537 166	5 299 839	(2 474 712)	438 506	-	-	3 263 633	13 273 534

## 30 JUNE 2018 (Continue)

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
<b>Other Assets</b>													
Other Land	3 319 410	(1 973 258)	-	-	-	1 346 153	-	-	-	-	-	-	1 346 153
Operational Buildings	12 563 224	(8 875 340)	-	-	-	3 687 884	6 885 987	(4 571 594)	158 555	-	-	2 472 948	1 214 936
Furniture and Office Equipment	4 730 027	215 665	216 307	-	(1 240 475)	3 921 523	3 319 331	91 836	407 840	-	(1 051 816)	2 767 190	1 154 333
Machinery and Equipment	1 699 383	(34 880)	275 411	-	(549 981)	1 389 933	1 174 704	(207 543)	137 991	-	(445 474)	659 679	730 254
Transport Assets	9 227 426	110 380	-	-	(1 223 008)	8 114 798	5 858 725	130 979	572 318	-	(1 005 906)	5 556 117	2 558 682
	31 539 470	(10 557 433)	491 718	-	(3 013 464)	18 460 291	17 238 747	(4 556 322)	1 276 704	-	(2 503 195)	11 455 934	7 004 357
<b>Leases</b>													
Furniture and Office Equipment	539 815	-	-	-	-	539 815	60 637	-	179 939	-	-	240 576	299 240
	539 815	-	-	-	-	539 815	60 637	-	179 939	-	-	240 576	299 240
<b>Total</b>	306 880 485	(86 080 169)	93 247 811	-	(3 186 482)	310 861 645	113 794 333	(65 828 243)	9 794 178	-	(2 570 173)	55 190 095	255 671 550

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
2.	PROPERTY, PLANT AND EQUIPMENT		
	<a href="#">See previous sheet</a> page 1		



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Infrastructure Assets	30 297 046	73 882 364
Roads	5 608 752	297 321
Electricity	348 455	-
Water Supply	24 339 839	73 585 043
Community Assets	-	5 973 929
<b>Total Property, Plant and Equipment under construction</b>	<b>30 297 046</b>	<b>79 856 293</b>
<u>The movements for the year can be reconciled as follows:</u>		
Balance at beginning of year	79 856 293	35 487 516
Correction of Error - Note 43.1	-	(4 854 166)
Restated Balance	79 856 293	30 633 350
Expenditure during the year	54 300 933	84 252 668
Assets unbundled during the year	(102 309 162)	(35 029 725)
Transfer to Other Assets	(148 680)	-
Transfer to Operational Expenditure	(827 144)	-
Transfer to Intangible Assets	(575 194)	-
<b>Total Property, Plant and Equipment under construction</b>	<b>30 297 046</b>	<b>79 856 293</b>
<b>2.4 There are no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.</b>		
<b>2.5 There are no Property, Plant and Equipment where construction or development has been halted.</b>		
<b>2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs	-	-
Other materials	55 207	136 754
Contracted Services	2 295 668	9 865 613
Other Expenditure	7 769 763	59 212
<b>Total Repairs and Maintenance</b>	<b>10 120 639</b>	<b>10 061 579</b>
<b>2.7 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R174 807 (2018: R299 240) is secured for leases as set out in Note 13.		
<b>2.8 Details of Valuation</b>		

The effective date of the revaluations was 1 July 2019. Revaluations were performed by an independent valuers, *HCB Property Valuations, HC Botha and P le Roux*. The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

	2019 R	2018 R
Reconciliation of Revaluation Surplus:		
Opening balance	2 628 176	2 628 176
Movement for the period	2 326 313	-
Closing balance	<u>4 954 489</u>	<u>2 628 176</u>

**2.9 Contractual commitments for acquisition of Property, Plant and Equipment:**

Approved and contracted for:	122 558 211	26 163 307
Infrastructure	122 558 211	26 160 517
Community	-	2 790
Other	-	-
<b>Total</b>	<b><u>122 558 211</u></b>	<b><u>26 163 307</u></b>
This expenditure will be financed from:		
Government Grants	122 558 211	26 163 307
<b>Total</b>	<b><u>122 558 211</u></b>	<b><u>26 163 307</u></b>

**3. AGRICULTURAL****3.1 Biological Assets that from part on an agricultural activity:**

Consumable Biological Asset	Quantity (Units)	Fair Value	2019 R	2018 R
Springbuck	30	450	13 500	67 500
<b>Total Consumable Biological Assets</b>		450	13 500	67 500
<b>Total Biological Assets</b>		<b>450</b>	<b>13 500</b>	<b>67 500</b>

Fair value of biological assets is based on selling prices less costs to sell in an open market.

**3.2 Reconciliation of changes in the carrying amount of biological assets:**

Balance beginning of year	67 500	67 500
Additions	-	-
Disposals	(54 000)	-
Transfers	-	-
Other changes	-	-
Balance end of year	<u>13 500</u>	<u>67 500</u>

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities revolving around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

	2019 R	2018 R
<b>4. INVESTMENT PROPERTY</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>34 729 700</b>	<b>34 729 700</b>
Valuation	34 729 700	36 670 418
Correction of Error - Note 43.2	-	(1 940 718)
Additions	-	-
Gains/(Losses) arising from changes in fair value	8 431 300	-
Other changes	-	-
<b>Net Carrying amount at 30 June</b>	<b>43 161 000</b>	<b>34 729 700</b>
Valuation	43 161 000	34 729 700
<b>4.2 Revenue from Investment Property</b>		
Revenue derived from the rental of Investment Property	290 732	311 295

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that is taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

HCB Property Valuation concluded the new General Valuation Roll for Hantam Municipality during the 2018/19 financial year. The new valuation roll was implemented on 1 July 2019. The valuation roll was used to calculate the fair value of Investment Properties on 30 June 2019.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

	2019 R	2018 R
<b>5. INTANGIBLE ASSETS</b>		
<b>5.1 Net Carrying amount at 1 July</b>	<b>725 218</b>	<b>725 218</b>
Cost	725 218	725 218
Accumulated Amortisation	-	-
Accumulated Impairment Loss	-	-
Additions	575 194	-
<b>Net Carrying amount at 30 June</b>	<b>1 300 412</b>	<b>725 218</b>
Cost	1 300 412	725 218
Accumulated Amortisation	-	-
Accumulated Impairment Loss	-	-
Intangible Assets which is in the process of being constructed or developed.		
Servitudes	575 194	-
<b>Total</b>	<b>575 194</b>	<b>-</b>

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

**HANTAM MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
<b>6. HERITAGE ASSETS</b>		
<b>6.1 Net Carrying amount at 1 July</b>	<b>1 618 055</b>	<b>1 618 055</b>
Cost	1 618 055	1 335 555
Correction of Error - Note 43.3	-	282 500
Additions	-	-
Disposals	-	-
Other changes	-	-
<b>Net Carrying amount at 30 June</b>	<b>1 618 055</b>	<b>1 618 055</b>
Cost	1 618 055	1 618 055
Calvinia Museum	1 300 000	1 300 000
Loeriesfontein Museum Erven 355	282 500	-
Kerkstraat Erven 301 & 302	10 000	10 000
Akkerendam Nature Reserve	25 556	25 556
	<u>1 618 056</u>	<u>1 335 556</u>

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

There are no Heritage Assets where construction or development has been halted.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There was no expenditure incurred for repairs and maintenance of Heritage Assets.

**7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Receivables with repay arrangements - At amortised cost	175 637	187 063
Electricity	3 612	12 318
Water	57 765	47 895
Waste Management	33 729	37 885
Waste Water Management	25 943	42 609
Other Service Charges	54 588	46 356
<b>Less:</b> Current portion transferred to Receivables from Exchange Transactions	(78 749)	(84 074)
<b>Total Non-Current Receivables from Exchange Transactions</b>	<b><u>96 888</u></b>	<b><u>102 990</u></b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Receivables with repay arrangements - At amortised cost	40 052	38 555
Rates	40 052	38 555
<b>Less:</b> Current portion transferred to Receivables from Non-Exchange Transactions	(17 473)	(17 328)
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>22 578</b>	<b>21 227</b>
<b>9. INVENTORY</b>		
Water	175 614	72 112
<b>Total Inventory</b>	<b>175 614</b>	<b>72 112</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
<b>9.1 Inventories recognise as an expense during the year:</b>		
Materials and Supplies	1 667 191	1 735 375
Water	-	37 884
<b>Total</b>	<b>1 667 191</b>	<b>1 773 259</b>
<b>10. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	6 309 904	5 026 452
Water	12 854 798	9 888 432
Waste Management	9 036 204	7 513 681
Waste Water Management	5 564 334	4 824 114
Other Arrears	3 214 019	6 553 388
Correction of Error - Note 43.4	-	(7 847)
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>36 979 259</b>	<b>33 798 221</b>
<b>Less:</b> Provision for Debt Impairment	(32 378 226)	(30 408 535)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>4 601 033</b>	<b>3 389 686</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Debtors with a total outstanding balance of R175 637 (2018 - R187 063) have arranged to settle their account over an re-negotiated period. Total payments to the value of R96 888 (2018 - R102 990) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

**(Electricity): Ageing**

Current (0 - 30 days)	2 433 212	2 093 192
31 - 60 Days	219 222	191 005
61 - 90 Days	126 765	163 489
+ 90 Days	3 530 705	2 578 767
<b>Total</b>	<b>6 309 904</b>	<b>5 026 452</b>

**(Water): Ageing**

Current (0 - 30 days)	1 647 890	1 014 851
31 - 60 Days	364 034	303 919
61 - 90 Days	408 442	340 919
+ 90 Days	10 434 432	8 228 743
<b>Total</b>	<b>12 854 798</b>	<b>9 888 432</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b><u>(Waste Management): Ageing</u></b>		
Current (0 - 30 days)	686 554	564 062
31 - 60 Days	225 474	195 703
61 - 90 Days	216 777	179 351
+ 90 Days	7 907 399	6 574 565
<b>Total</b>	<b>9 036 204</b>	<b>7 513 681</b>
<b><u>(Waste Water Management): Ageing</u></b>		
Current (0 - 30 days)	604 911	529 756
31 - 60 Days	184 891	163 529
61 - 90 Days	163 803	159 318
+ 90 Days	4 610 729	3 971 511
<b>Total</b>	<b>5 564 334</b>	<b>4 824 114</b>
<b><u>(Other): Ageing</u></b>		
Current (0 - 30 days)	153 007	148 607
31 - 60 Days	78 506	65 358
61 - 90 Days	86 974	62 993
+ 90 Days	2 895 532	6 276 430
<b>Total</b>	<b>3 214 019</b>	<b>6 553 388</b>
<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	5 525 574	4 350 468
31 - 60 Days	1 072 127	919 514
61 - 90 Days	1 002 761	906 070
+ 90 Days	29 378 797	27 630 017
<b>Total</b>	<b>36 979 259</b>	<b>33 806 069</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	30 408 535	34 009 632
Contribution to provision	1 712 775	-
VAT on provision	256 916	(469 708)
Reversal of provision	-	(3 131 389)
Balance at end of year	<b>32 378 226</b>	<b>30 408 535</b>
The total amount of this provision is R32 378 226 and consist of:		
Services	32 378 226	30 408 535
Other Debtors	-	-
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b>32 378 226</b>	<b>30 408 535</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
1 month past due	-	-
2+ months past due	31 453 685	-
	<b>31 453 685</b>	<b>-</b>



HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates	12 921 636	10 637 188
Insurance Claims	-	12 957
Other Receivables	292 291	254 909
	13 213 927	10 905 055
<b>Less:</b> Provision for Debt Impairment	(11 672 817)	(9 120 394)
<b>Total Receivables from non-exchange transactions</b>	<b>1 541 109</b>	<b>1 784 660</b>

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Debtors with a total outstanding balance of R40 052 (2018 - R38 555) have arranged to settle their account over an re-negotiated period. Total payments to the value of R17 473 (2018 - R17 328) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

**(Rates): Ageing**

Current (0 - 30 days)	861 072	748 677
31 - 60 Days	240 066	213 917
61 - 90 Days	246 828	194 393
+ 90 Days	11 573 670	9 480 201
<b>Total</b>	<b>12 921 636</b>	<b>10 637 188</b>

**Summary of Debtors by Customer Classification**

	<b><u>Residential</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
<b>30 June 2019</b>			
Current (0 - 30 days)	703 174	128 922	28 976
31 - 60 Days	219 955	16 354	3 757
61 - 90 Days	229 125	15 660	2 044
+ 90 Days	10 063 735	630 914	879 021
Sub-total	11 215 989	791 850	913 797
<b>Less:</b> Provision for Debt Impairment	(10 132 014)	(715 321)	(825 483)
<b>Total debtors by customer classification</b>	<b>1 083 975</b>	<b>76 528</b>	<b>88 315</b>

**Summary of Debtors by Customer Classification**

	<b><u>Residential</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
<b>30 June 2018</b>			
Current (0 - 30 days)	2 742 920	935 865	528 138
31 - 60 Days	902 125	72 850	158 456
61 - 90 Days	891 183	51 056	158 224
+ 90 Days	34 873 594	1 574 565	1 554 281
Sub-total	39 409 822	2 634 336	2 399 099
<b>Less:</b> Provision for Debt Impairment	(37 012 212)	(1 317 168)	(1 199 550)
<b>Total debtors by customer classification</b>	<b>2 397 610</b>	<b>1 317 168</b>	<b>1 199 550</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	9 120 394	8 605 708
Contribution to provision	2 552 423	514 686
Reversal of provision	-	-
Balance at end of year	<b>11 672 817</b>	<b>9 120 394</b>

The total amount of this provision is R11 672 817 and consist of:

Taxes	11 672 817	9 120 394
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>11 672 817</b>	<b>9 120 394</b>

**Ageing of amounts past due but not impaired:**

1 month past due	240 066	213 917
2+ months past due	11 820 498	554 199
	<b>12 060 564</b>	<b>768 116</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

**12. BANK ACCOUNTS**

**12.1 Cash and Cash Equivalents**

Current Accounts	264 289	752 859
Call Deposits and Investments	2 334 702	6 646 445
Cash On-hand	1 500	1 500
Correction of Error - Note 43.5	-	(79 721)
<b>Total Cash and Cash Equivalents - Assets</b>	<b>2 600 491</b>	<b>7 321 082</b>

The municipality has the following bank accounts:

**Current Accounts**

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	233 853	664 002
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	30 435	88 857
	<b>264 289</b>	<b>752 859</b>

**Call Deposits and Investments**

Call Deposit CRR - Standard Bank Account No. 088673669021:	207 151	140 544
Financial Management Grant - Standard Bank Account No. 088673669024:	4 169	7 831
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	3 647	3 565
Hantam DBSA - Standard Bank Account No. 088673669025:	25 673	5 685 807
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	2 081 118	761 993
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	5 762	39 931
Hantam EPWP - Standard Bank Account No. 088673669027:	1 140	1 115
Hantam INEP - Standard Bank Account No. 088673669028:	6 042	5 659
	<b>2 334 702</b>	<b>6 646 445</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Details of current accounts are as follow:

	2019 R	2018 R
<b>Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):</b>		
Cash book balance at beginning of year	664 002	629 177
Cash book balance at end of year	233 853	664 002
Bank statement balance at beginning of year	655 435	504 110
Bank statement balance at end of year	317 071	655 435
<b>ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):</b>		
Cash book balance at beginning of year	88 857	86 004
Cash book balance at end of year	30 435	88 857
Bank statement balance at beginning of year	67 048	75 240
Bank statement balance at end of year	77 468	67 048
Details of call investment accounts are as follow:		
<b>Call Deposit CRR - Standard Bank Account No. 088673669021:</b>		
Cash book balance at beginning of year	140 544	13 507
Cash book balance at end of year	207 151	140 544
Bank statement balance at beginning of year	140 544	13 507
Bank statement balance at end of year	207 151	140 544
<b>Financial Management Grant - Standard Bank Account No. 088673669024:</b>		
Cash book balance at beginning of year	7 831	27 613
Cash book balance at end of year	4 169	7 831
Bank statement balance at beginning of year	7 831	27 613
Bank statement balance at end of year	4 169	7 831
<b>Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:</b>		
Cash book balance at beginning of year	3 565	3 466
Cash book balance at end of year	3 647	3 565
Bank statement balance at beginning of year	3 565	3 466
Bank statement balance at end of year	3 647	3 565
<b>Hantam DBSA - Standard Bank Account No. 088673669025:</b>		
Cash book balance at beginning of year	5 685 807	1 519
Cash book balance at end of year	25 673	5 685 807
Bank statement balance at beginning of year	5 685 807	1 519
Bank statement balance at end of year	25 673	5 685 807
<b>Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:</b>		
Cash book balance at beginning of year	761 993	19 295
Cash book balance at end of year	2 081 118	761 993
Bank statement balance at beginning of year	761 993	19 295
Bank statement balance at end of year	2 081 118	761 993
<b>Hantam Surplus Cash - Standard Bank Account No. 088673669026:</b>		
Cash book balance at beginning of year	39 931	1 573
Cash book balance at end of year	5 762	39 931
Bank statement balance at beginning of year	39 931	1 573
Bank statement balance at end of year	5 762	39 931
<b>Hantam EPWP - Standard Bank Account No. 088673669027:</b>		
Cash book balance at beginning of year	1 115	1 084
Cash book balance at end of year	1 140	1 115
Bank statement balance at beginning of year	1 115	1 084
Bank statement balance at end of year	1 140	1 115

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R			
<b>Hantam INEP - Standard Bank Account No. 088673669028:</b>					
Cash book balance at beginning of year	5 659	1 113			
Cash book balance at end of year	6 042	5 659			
Bank statement balance at beginning of year	5 659	1 113			
Bank statement balance at end of year	6 042	5 659			
<b>13. LONG-TERM BORROWINGS</b>					
Capitalised Lease Liability - At amortised cost	164 440	350 773			
	<b>164 440</b>	<b>350 773</b>			
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(164 440)</b>	<b>(186 333)</b>			
Capitalised Lease Liability - At amortised cost	(164 440)	(186 333)			
	<b>0</b>	<b>164 440</b>			
<b>Total Long-term Borrowings</b>	<b>0</b>	<b>164 440</b>			
<b>13.1</b> The obligations under finance leases are scheduled below:					
	<b>Minimum payments</b>				
Amounts payable under finance leases:					
Payable within one year	177 615	236 820			
Payable within two to five years	-	177 615			
Payable after five years	-	-			
	177 615	414 435			
<b>Less:</b> Future finance obligations	(13 176)	(63 663)			
<b>Present value of finance lease obligations</b>	<b>164 440</b>	<b>350 772</b>			
The capitalised lease liability consist out of the following contracts:					
<b>Supplier</b>	<b>Description of leased item</b>	<b>Effective Interest rate</b>	<b>Annual Escalation</b>	<b>Lease Term</b>	<b>Maturity Date</b>
Kyocera	Copier	17-23%	0%	3 Years	01/03/2020
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.					
Finance Leases are secured by property, plant and equipment - Note 2					
<b>14. NON-CURRENT PROVISIONS</b>					
Provision for Rehabilitation of Landfill-sites	33 097 509	30 322 537			
<b>Total Non-current Provisions</b>	<b>33 097 509</b>	<b>30 322 537</b>			
<b>14.1 Landfill Sites</b>					
Balance 1 July	30 322 537	27 361 781			
Contribution for the year	1 695 698	1 580 796			
Change in Provision for Rehabilitation Cost	1 079 274	1 379 960			
<b>Total provision 30 June</b>	<b>33 097 509</b>	<b>30 322 537</b>			
<b>Less:</b> Transfer of Current Portion to Current Provisions	-	-			
<b>Balance 30 June</b>	<b>33 097 509</b>	<b>30 322 537</b>			

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation volume (m³)	28 395	33 017	7 153	3 791
Preliminary and general (Rand)	1 032 105	1 397 998	315 557	192 058
Site Clearance and Preparation	87 457	101 692	22 031	11 676
Storm water control measures (Rand)	1 346 202	1 385 797	621 680	490 071
Capping (Rand)	5 565 625	6 462 753	1 413 795	701 626
Gas Management (Rand)	-	-	-	-
Leachate Management (Rand)	362 559	672 395	186 141	158 139
Fencing (Rand)	10 333	1 363 060	10 333	10 333
Environmental Authorisation Closing License (Rand)	438 691	438 691	438 691	438 691
Technical ROD (Rand)	92 644	92 644	92 644	92 644
Install Groundwater Monitoring Boreholes with locable caps (Rand)	194 212	157 089	162 911	172 950
Landscape Architects (Rand)	123 111	123 111	123 111	123 111
Water use licence (Rand)	18 212	18 212	18 212	18 212
Topographical Survey (Rand)	5 830	6 763	5 830	5 830
Contingencies (Rand)	840 428	1 138 370	256 954	156 390
Engineering: Professional Fees (Rand)	693 353	939 155	211 987	129 022
Site Supervision (Engineer's Representative) (Rand)	261 281	358 645	192 325	138 503
Site Supervision (Environmental Control Officer & OHS Agent)	86 247	162 858	117 345	91 180

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost at the current inflation rate of 5,40%, and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	2019 R	2018 R
Brandvlei	2080	275 978 307	274 543 351
Calvinia	2025	20 317 459	19 589 568
Loeriesfontein	2028	6 725 625	6 897 703
Nieuwoudtville	2035	6 798 016	6 446 521
		<b>309 819 407</b>	<b>307 477 143</b>

15. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	14 563 311	14 791 118
Provision for Long Service Awards	1 839 606	1 734 058
<b>Total Non-current Employee Benefits</b>	<b>16 402 917</b>	<b>16 525 176</b>

Post Retirement Health Care Benefits

Balance 1 July	15 644 801	12 327 937
Contribution for the year	1 799 690	1 416 546
Expenditure for the year	(979 847)	(692 790)
Removal of Maximum Subsidy	-	3 504 503
Actuarial Loss/(Gain)	(977 541)	(911 395)
<b>Total provision 30 June</b>	<b>15 487 103</b>	<b>15 644 801</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 17	(923 792)	(853 683)
<b>Balance 30 June</b>	<b>14 563 311</b>	<b>14 791 118</b>

Long Service Awards

Balance 1 July	1 978 590	1 849 647
Contribution for the year	334 615	370 676
Expenditure for the year	(108 655)	(86 869)
Actuarial Loss/(Gain)	(106 507)	(154 864)
<b>Total provision 30 June</b>	<b>2 098 043</b>	<b>1 978 590</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 17	(258 437)	(244 532)
<b>Balance 30 June</b>	<b>1 839 606</b>	<b>1 734 058</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>15.1 Provision for Post Retirement Health Care Benefits</b>		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	22	23
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	15	15
<b>Total Members</b>	<b>37</b>	<b>38</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	4 073 242	5 291 229
Continuation members	11 413 861	10 353 572
<b>Total Liability</b>	<b>15 487 103</b>	<b>15 644 801</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	5 362 866	4 847 341	7 257 839
Continuation members	6 965 071	6 547 437	5 524 918
<b>Total Liability</b>	<b>12 327 937</b>	<b>11 394 778</b>	<b>12 782 757</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
Hosmed  
LA Health  
Key Health, and  
Samwumed

The Current-service Cost for the ensuing year is estimated to be R228 221, whereas the Interest Cost for the next year is estimated to be R1 372 722.

Key actuarial assumptions used:	2019 %	2018 %
<b>i) Rate of interest</b>		
Discount rate	9.13%	9.42%
Health Care Cost Inflation Rate	6.64%	7.27%
Net Effective Discount Rate	2.33%	2.00%

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

The normal retirement age for employees of the municipality is 62 years.

**iv) Expected rate of salary increases**

2019/2020 - CPI + 1,5%  
2020/2021 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	15 487 103	15 644 801
Fair value of plan assets	-	-
	<u>15 487 103</u>	<u>15 644 801</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b><u>15 487 103</u></b>	<b><u>15 644 801</u></b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	15 644 801	12 327 937
Total expenses	819 843	723 756
Current service cost	365 253	292 821
Interest Cost	1 434 437	1 123 725
Benefits Paid	(979 847)	(692 790)
Removal of Maximum Subsidy	-	3 504 503
Actuarial (gains)/losses	(977 541)	(911 395)
Present value of fund obligation at the end of the year	<u>15 487 103</u>	<u>15 644 801</u>
<b>Reconciliation of fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

**Sensitivity Analysis on the Accrued Liability on 30 June 2019**

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
<b>Assumption</b>			
Central Assumptions	4.073	11.414	15.487

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
<b>Assumption</b>					
Health care inflation	1%	4.912	12.576	17.488	13%
Health care inflation	-1%	3.409	10.409	13.818	-11%
Post-retirement mortality	-1 year	4.193	11.832	16.025	3%
Average retirement age	-1 year	4.378	11.414	15.792	2%
Withdrawal Rate	-10%	3.558	11.414	14.972	-3%

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	228 200	1 372 700	1 600 900

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	284 400	1 555 200	1 839 600	15%
Health care inflation	-1%	184 800	1 220 500	1 405 300	-12%
Post-retirement mortality	-1 year	234 900	1 421 900	1 656 800	3%
Average retirement age	-1 year	251 100	1 400 500	1 651 600	3%
Withdrawal Rate	-10%	199 800	1 325 700	1 525 500	-5%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.464	0.297
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	1.118	0,863	1,007
Assets: Gain / (loss)	-	-	-

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 138 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R198 525 whereas the Interest Cost for the next year is estimated to be R158 297.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	8.03%	8.49%
General Salary Inflation (long-term)	5.47%	6.12%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.43%	2.23%

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 098 043	1 978 590
Fair value of plan assets	-	-
	<u>2 098 043</u>	<u>1 978 590</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u>2 098 043</u>	<u>1 978 590</u>



**HANTAM MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019 R</b>	<b>2018 R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	1 978 590	1 849 647
Total expenses	225 960	215 429
Current service cost	176 802	153 342
Interest Cost	157 813	148 956
Benefits Paid	(108 655)	(86 869)
Effect of Valuing different Policy	-	68 378
Actuarial (gains)/losses	(106 507)	(154 864)
Present value of fund obligation at the end of the year	<b>2 098 043</b>	<b>1 978 590</b>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

**Sensitivity Analysis on the Accrued Liability on 30 June 2019**

	<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
<b>Assumption</b>			
Central assumptions		2.098	
General salary inflation	1%	2.221	6%
General salary inflation	-1%	1.986	-5%
Average retirement age	-2 yrs	1.877	-11%
Average retirement age	2 yrs	2.235	7%
Withdrawal rates	-50%	2.348	12%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020**

	<b>Current Service Cost (R)</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>
<b>Assumption</b>			
Central Assumptions	198 500	158 300	356 800

The effect of movements in the assumptions are as follows:

	<b>Change</b>	<b>Current Service Cost (R)</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>	<b>% change</b>
<b>Assumption</b>					
General earnings care inflation	1%	214 600	168 200	382 800	7%
General earnings care inflation	-1%	184 100	149 300	333 400	-7%
Discount rate	1%	185 300	167 500	352 800	-1%
Discount rate	-1%	213 500	147 700	361 200	1%
Average retirement age	-2 year	180 500	141 800	322 300	-10%
Average retirement age	2 year	213 200	169 300	382 500	7%
Withdrawal Rate	-50%	238 600	178 400	417 000	17%

	<b>2019 Rm</b>	<b>2018 Rm</b>
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.102	0.132
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	0.230	0.003	0.190
Assets: Gain / (loss)	-	-	-

15.3 Retirement funds

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance		
Consolidated Retirement Fund	3 017 947	2 870 088
Municipal Workers Retirement Fund	635 171	681 187
	<u>3 653 118</u>	<u>3 551 275</u>

16. CONSUMER DEPOSITS

Electricity	909 156	839 721
Rental Properties	80 130	72 258
<b>Total Consumer Deposits</b>	<u><b>989 286</b></u>	<u><b>911 979</b></u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

17. CURRENT EMPLOYEE BENEFITS

Performance Bonuses	381 377	276 571
Staff Bonuses	1 116 454	1 089 173
Staff Leave	2 065 808	1 764 326
Current Portion of Non-Current Provisions	1 182 229	1 098 215
Current Portion of Post Retirement Benefits - Note 15	923 792	853 683
Current Portion of Long-Service Provisions - Note 15	258 437	244 532
<b>Total Provisions</b>	<u><b>4 745 868</b></u>	<u><b>4 228 284</b></u>

The movement in current provisions are reconciled as follows:

17.1 **Performance Bonuses**

Balance at beginning of year	276 571	210 874
Transfer from non-current	-	-
Contribution to current portion	104 806	65 697
Expenditure incurred	-	-
<b>Balance at end of year</b>	<u><b>381 377</b></u>	<u><b>276 571</b></u>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

17.2 **Staff Bonuses**

Balance at beginning of year	1 089 173	1 011 124
Contribution to current portion	2 821 233	2 878 039
Expenditure incurred	(2 793 952)	(2 799 990)
<b>Balance at end of year</b>	<u><b>1 116 454</b></u>	<u><b>1 089 173</b></u>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>17.3 Staff Leave</b>		
Balance at beginning of year	1 764 326	1 783 842
Contribution to current portion	441 279	110 707
Expenditure incurred	(139 797)	(130 223)
Balance at end of year	<b>2 065 808</b>	<b>1 764 326</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	13 861 769	22 287 649
Advance Payments	1 197 910	713 646
Control, Clearing and Interface Accounts	71 164	100
Other Payables	2 321 434	4 687 044
Department of Transport	16 389 892	15 615 132
Retentions	8 412 483	10 431 582
Correction of Error - Note 43.6	-	(862 540)
<b>Total Trade Payables</b>	<b>42 254 653</b>	<b>52 872 613</b>

Disclosed as:

Trade and Other Payables	25 864 761	37 257 481
Non-Current Trade and Other Payables	16 389 892	15 615 132
<b>Total Trade Payables</b>	<b>42 254 653</b>	<b>52 872 613</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

**19. UNSPENT TRANSFERS AND SUBSIDIES**

Unspent Transfers and Subsidies	-	5 660 964
National Government Grants	-	5 660 964
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<u>Less:</u> Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<b>-</b>	<b>5 660 964</b>

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>20. TAXES</b>		
<b>20.1</b> VAT Payable	-	-
VAT Output in Suspense	(2 849 241)	(3 880 763)
<b>Less:</b> Contribution to Provision for Doubtful Debt Impairment	2 524 071	2 267 155
<b>Total VAT Payable</b>	<b>(325 169)</b>	<b>(1 613 608)</b>
<b>20.2</b> VAT Receivable	3 665 521	3 219 738
VAT Input in Suspense	2 914 688	4 741 129
<b>Total VAT Receivable</b>	<b>6 580 210</b>	<b>7 960 867</b>
<b>20.3 Net VAT (Payable)/Receivable</b>	<b>6 255 040</b>	<b>6 347 260</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>21. NET ASSET RESERVES</b>		
RESERVES	4 954 489	2 628 176
Revaluation Reserve	4 954 489	2 628 176
<b>Total Net Asset Reserve and Liabilities</b>	<b>4 954 489</b>	<b>2 628 176</b>
<b>21.1</b> The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.		
<b>22. PROPERTY RATES</b>		
<u>Actual</u>		
<b>Rateable Land and Buildings</b>	16 472 339	16 038 344
Business and Commercial Property	1 554 987	1 450 064
Public Benefit Organisations	5 466 203	5 191 059
Residential Properties	6 635 116	6 652 501
State-owned Properties	916 985	884 298
Agricultural Property	1 899 048	1 860 422
<b>Less: Revenue Forgone</b>	<b>(8 050 923)</b>	<b>(7 650 417)</b>
<b>Total Property Rates</b>	<b>8 421 415</b>	<b>8 387 927</b>
<u>Valuations - 1 July 2018</u>		
<b>Rateable Land and Buildings</b>	3 507 788 200	3 554 565 300
Business and Commercial Property	123 517 000	125 031 300
Farm Properties	28 938 100	28 070 600
Industrial Property	2 213 200	2 213 200
Municipal Properties	16 847 000	16 773 200
Public Benefit Organisations	17 257 800	17 174 400
Public Service Infrastructure Properties	414 491 900	414 492 900
Residential Properties	489 928 800	493 342 600
Small Holdings	4 706 300	5 796 500
State-owned Properties	72 444 800	72 444 800
Agricultural Property	2 273 000 200	2 312 365 200
Other Categories	64 443 100	66 860 600
<b>Total Assessment Rates</b>	<b>3 507 788 200</b>	<b>3 554 565 300</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development. The next valuation was exempted to 1 July 2019.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
<b>Basic Rate</b>		
Brandvlei - Land and buildings	1.2663045c/R	1.2025684c/R
Calvinia - Land and buildings	1.2663045c/R	1.2025684c/R
Loeriesfontein - Land and buildings	1.2663045c/R	1.2025684c/R
Nieuwoudtville - Land and buildings	1.2663045c/R	1.2025684c/R
Agriculture Properties	0.0835329c/R	0.0793285c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	The first R35 000 on the valuation is exempted.
Agriculture -	35% Discount
Government -	20% Discount

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2019 R	2018 R
<b>23. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Government Grants and Subsidies - Operating	27 213 000	25 184 000
Equitable Share	22 818 000	21 047 000
Expanded Public Works Programme Integrated Grant	1 345 000	1 000 000
Local Government Financial Management Grant	1 970 000	1 900 000
Libraries, Archives and Museums	1 080 000	1 237 000
Government Grants and Subsidies - Capital	69 843 964	89 981 037
Integrated National Electrification Programme Grant	-	1 000 000
Municipal Infrastructure Grant	7 436 000	16 716 000
Water Services Infrastructure Grant	13 160 964	4 000 000
Regional Bulk Infrastructure Grant	49 247 000	68 265 037
<b>Total Government Grants and Subsidies</b>	<b>97 056 964</b>	<b>115 165 037</b>
Included in above are the following grants and subsidies received:		
<b>Unconditional</b>	22 818 000	21 047 000
Equitable Share	22 818 000	21 047 000
<b>Conditional</b>	74 238 964	94 118 037
Local Government Financial Management Grant	1 970 000	1 900 000
Municipal Infrastructure Grant	7 436 000	16 716 000
Integrated National Electrification Programme Grant	-	1 000 000
Regional Bulk Infrastructure Grant	49 247 000	68 265 037
Expanded Public Works Programme	1 345 000	1 000 000
Municipal Water Infrastructure Grant	13 160 964	4 000 000
Libraries, Archives and Museums	1 080 000	1 237 000
<b>Total Government Grants and Subsidies</b>	<b>97 056 964</b>	<b>115 165 037</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	22 818 000	21 047 000
Finance and Administration	1 970 000	1 900 000
Community and social services	1 080 000	1 297 000
Sport and recreation	346 000	6 903 473
Road Transport	3 495 000	3 619 482
Energy Sources	-	1 000 000
Water Management	62 407 964	72 365 037
Waste Water Management	4 940 000	6 633 045
Waste Management	-	400 000
<b>Total Government Grants and Subsidies</b>	<b>97 056 964</b>	<b>115 165 037</b>

# HANTAM MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

### 23.1 Equitable Share

Opening balance	-	-
Correction of Error	-	-
Grants received	22 818 000	21 047 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(22 818 000)	(21 047 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

### 23.2 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Correction of Error	-	-
Grants received	1 970 000	1 900 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 970 000)	(1 900 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

### 23.3 Municipal Infrastructure Grant (MIG)

Opening balance	-	26 000
Correction of Error	-	-
Grants received	7 436 000	16 716 000
Interest received	-	-
Repaid to National Revenue Fund	-	(26 000)
Conditions met - Operating	-	-
Conditions met - Capital	(7 436 000)	(16 716 000)
Conditions still to be met	-	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**23.4 Integrated National Electrification Grant**

Opening balance	-	-
Correction of Error	-	-
Grants received	-	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(1 000 000)
Conditions still to be met	-	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

**23.5 Library Grant**

Opening balance	-	-
Correction of Error	-	-
Grants received	1 080 000	1 237 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 080 000)	(1 237 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used to finance library activities.

**23.6 Regional Bulk Infrastructure Grant**

Opening balance	-	-
Correction of Error	-	-
Grants received	49 247 000	65 426 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(49 247 000)	(65 426 000)
Conditions still to be met	-	-

The Regional Infrastructure Grant was utilised to upgrade infrastructure in previously disadvantaged areas.

**23.7 Expanded Public Works Programme**

Opening balance	-	-
Correction of Error	-	-
Grants received	1 345 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 345 000)	(1 000 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used for job creation.

**23.8 Municipal Water Infrastructure Grant**

Opening balance	-	-
Correction of Error	-	-
Grants received	7 500 000	4 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(7 500 000)	(4 000 000)
Conditions still to be met	-	-

The grant was used for drought relief projects.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**23.9 Municipal Disaster Grant**

Opening balance	5 660 964	-
Correction of Error	-	-
Grants received	-	8 500 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(5 660 964)	(2 839 037)
Conditions still to be met	-	5 660 964

The grant was used for drought relief projects.

**23.10 Total Grants**

Opening balance	5 660 964	26 000
Correction of Error	-	-
Grants received	91 396 000	120 826 000
Interest received	-	-
Repaid to National Revenue Fund	-	(26 000)
Conditions met - Operating	(27 213 000)	(25 184 000)
Conditions met - Capital	(69 843 964)	(89 981 037)
Conditions still to be met/(Grant expenditure to be recovered)	-	5 660 964

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	-	5 660 964
Unpaid Conditional Government Grants and Receipts	-	-
<b>Total</b>	-	<b>5 660 964</b>

**24. AVAILABILITY CHARGES**

Water	5 799 566	5 483 124
<b>Total Availability Charges</b>	<b>5 799 566</b>	<b>5 483 124</b>

**25. SERVICE CHARGES**

Electricity	22 719 013	22 767 884
Water	3 621 412	1 498 454
Waste Management	4 754 353	4 688 459
Waste Water Management	4 366 651	4 411 722
Correction of Error - Note 43.8	-	(7 847)
<b>Total Service Charges</b>	<b>35 461 429</b>	<b>33 358 671</b>

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>26. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Building Plan Approval	69 340	50 212
Building Plan Clause Levy	37 035	-
Camping Fees	155 009	3 807
Cemetery and Burial	10 030	16 505
Clearance Certificates	20 356	13 417
Entrance Fees	22 974	20 307
Photocopies and Faxes	6 299	8 369
Removal of Restrictions	-	59 221
Sale of Goods	4 466	430
Valuation Services	6 602	6 139
<b>Total Sales of Goods and Rendering of Services</b>	<b>332 111</b>	<b>178 407</b>
<b>27. RENTAL FROM FIXED ASSETS</b>		
Investment Property	290 732	311 295
Property, Plant and Equipment	56 349	38 578
<b>Total Rental from Fixed Assets</b>	<b>347 081</b>	<b>349 873</b>
<b>28. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	1 198 138	1 072 322
<b>Total Interest Earned - External Investments</b>	<b>1 198 138</b>	<b>1 072 322</b>
<b>29. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Trade Receivables	2 123 885	1 135 683
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2 123 885</b>	<b>1 135 683</b>
<b>30. OPERATIONAL REVENUE</b>		
Administrative Handling Fees	2 627 320	1 834 998
Breakages and Losses Recovered	123	-
<b>Total Operational Revenue</b>	<b>2 627 443</b>	<b>1 834 998</b>
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	2 627 443	1 834 998
Revenue from Non-Exchange Transactions	-	-
<b>Total Operational Revenue</b>	<b>2 627 443</b>	<b>1 834 998</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>31. EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	24 658 026	26 043 540
Pension and UIF Contributions	4 368 266	1 794 055
Medical Aid Contributions	750 161	652 075
Overtime	1 184 584	2 022 037
Bonuses	2 926 039	2 943 736
Motor Vehicle Allowance	1 068 505	993 765
Cell Phone Allowance	146 945	157 850
Housing Allowances	329 008	431 808
Other benefits and allowances	3 500	741 814
Payments in lieu of leave	441 279	110 707
Workmen's Compensation Fund	1 783	2 807
Post-retirement Benefit Obligations	699 868	4 019 044
Medical - Note 15.1	365 253	3 797 324
Current Service Cost	365 253	3 797 324
Long Service Awards - Note 15.2	334 615	221 720
	36 577 964	39 913 238
<b>Less:</b> Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
<b>Total Employee Related Costs</b>	<b>36 577 964</b>	<b>39 913 238</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i><b>Remuneration of the Municipal Manager - Mr JI Swartz</b></i>		
Basic Salary	620 836	492 345
Performance Bonus	85 867	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	436 203	376 428
<b>Total</b>	<b>1 213 107</b>	<b>938 973</b>
<i><b>Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker</b></i>		
Basic Salary	475 549	296 569
Performance Bonus	69 199	-
Motor Vehicle Allowance	72 000	48 000
Cell Phone Allowance	10 200	6 800
Other benefits and allowances	359 780	193 585
<b>Total</b>	<b>986 727</b>	<b>544 955</b>
<i><b>Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk</b></i>		
Basic Salary	551 591	492 345
Performance Bonus	118 172	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	370 357	376 428
<b>Total</b>	<b>1 110 321</b>	<b>938 973</b>
<i><b>Remuneration of Director : Technical Services - Mr S Tsengiwe</b></i>		
Basic Salary	-	98 796
Motor Vehicle Allowance	-	16 000
Cell Phone Allowance	-	1 700
Payments in lieu of leave	-	5 510
<b>Total</b>	<b>-</b>	<b>122 007</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>Remuneration of Acting Chief Financial Officer - Mr JH Langner</b>		
Acting Allowance	-	61 823
<b>Total</b>	<b>-</b>	<b>61 823</b>

32. REMUNERATION OF COUNCILLORS

RN Swartz	820 705	789 651
FJ Sterkse	290 075	280 247
HC Steenkamp	290 075	280 247
G Opperman	251 457	280 247
AJE Claasen	290 075	280 247
H De Wee	290 075	280 247
K Alexander	290 075	280 247
G Gous	290 075	280 247
JE Steenkamp	290 075	280 247
<b>Total Councillors' Remuneration</b>	<b>3 102 684</b>	<b>3 031 625</b>

Councillor G Opperman resigned on 31 May 2019

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	776 305	-	44 400	-	820 705
Chief Whip	245 675	-	44 400	-	290 075
Councillors	1 687 084	-	304 821	-	1 991 905
<b>Total Councillors' Remuneration</b>	<b>2 709 063</b>	<b>-</b>	<b>393 621</b>	<b>-</b>	<b>3 102 684</b>

**In-kind Benefits**

The Mayor is a full-time councillor. He is provided with an office and secretarial support at the cost of the Municipality.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>33. CONTRACTED SERVICES</b>		
Outsourced Services	2 347 547	670 543
Business and Advisory	515 579	-
Personnel and Labour	1 831 968	662 681
Refuse Removal	-	7 862
Consultants and Professional Services	2 796 165	1 547 565
Business and Advisory	1 728 424	922 882
Business and Financial Management	1 716 521	894 394
Medical Examinations	11 903	28 488
Laboratory Services	873 063	487 081
Water	873 063	487 081
Legal Cost	194 678	137 601
Legal Advice and Litigation	175 992	130 000
Collection	18 686	7 601
Contractors	7 335 942	9 363 889
Catering Services	87 079	69 813
Electrical	572 258	494 501
First Aid	-	2 251
Maintenance of Buildings and Facilities	347 259	612 257
Maintenance of Equipment	1 537 950	637 269
Maintenance of Unspecified Assets	4 791 207	7 543 308
Pest Control and Fumigation	189	4 489
<b>Total Contracted Services</b>	<b>12 479 654</b>	<b>11 581 996</b>
<b>34. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	12 899 938	8 997 064
Correction of Error - Note 43.9	-	987 618
<b>Total Depreciation and Amortisation</b>	<b>12 899 938</b>	<b>9 984 682</b>
<b>35. FINANCE COSTS</b>		
Long-term Borrowings	76 154	82 154
Non-current Provisions	1 695 698	1 580 796
Non-current Employee Benefits	1 434 437	1 123 725
Payables	1 270 798	-
<b>Total Finance Costs</b>	<b>4 477 087</b>	<b>2 786 675</b>
<b>36. BULK PURCHASES</b>		
Electricity	22 004 921	20 464 378
<b>Total Bulk Purchases</b>	<b>22 004 921</b>	<b>20 464 378</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>36. TRANSFERS AND SUBSIDIES</b>		
Operational		
Allocations In-kind	57 088	4 381
Households	57 088	-
Non-profit Institutions	-	4 381
<b>Total Transfers and Subsidies</b>	<b>57 088</b>	<b>4 381</b>
<b>37. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	108 299	95 514
Audit Fees	2 257 374	1 660 369
Bank Charges, Facility and Card Fees	484 192	450 894
Commission	645 061	750 000
Courier and Delivery Services	47 093	38 088
Communication	377 963	328 737
Deeds	16 520	17 071
Entertainment	6 761	4 868
External Computer Service	73 432	85 592
Insurance Underwriting	356 029	304 332
Learnerships and Internships	796 380	140 136
Printing, Publications and Books	535 370	631 728
Professional Bodies, Membership and Subscription	500 000	500 000
Remuneration to Ward Committees	218 107	256 535
Signage	52 314	59 212
Skills Development Fund Levy	316 382	297 857
Travel and Subsistence	1 860 529	1 507 228
Uniform and Protective Clothing	169 334	136 061
Correction of Error - Note 43.8	-	9 470
<b>Total Operational Costs</b>	<b>9 931 847</b>	<b>7 273 694</b>
<b>38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 10	1 712 775	3 131 389
Receivables from Non-exchange Revenue - Note 11	2 552 423	(514 686)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>4 265 198</b>	<b>2 616 702</b>
<b>39. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Biological Assets	(54 000)	-
Property, Plant and Equipment	(89 703)	1 787 865
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>(143 703)</b>	<b>1 787 865</b>
<b>40. PROFIT/ (LOSS) ON FAIR VALUE ADJUSTMENTS</b>		
Investment Property carried at fair value	8 431 300	-
<b>Total Profit/ (Loss) on Fair Value Adjustments</b>	<b>8 431 300</b>	<b>-</b>
<b>41. WATER LOSSES</b>		
Apparent Losses	-	11 465
Real Losses	96 463	52 947
<b>Total Water Losses</b>	<b>96 463</b>	<b>64 412</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 42. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Position</b>			
Revaluation Reserve	2 628 176	-	2 628 176
Accumulated Surplus/(Deficit)	223 201 453	-	223 201 453
Long-term Borrowings	164 440	-	164 440
Non-current Provisions	30 322 537	-	30 322 537
Non-current Employee Benefits	16 525 176	-	16 525 176
Consumer Deposits	911 979	-	911 979
Current Employee Benefits	4 228 284	-	4 228 284
Trade and Other Payables from Exchange Transactions	53 735 153	-	53 735 153
Unspent Transfers and Subsidies	5 660 964	-	5 660 964
Current Portion of Long-term Borrowings	186 333	-	186 333
Property, Plant and Equipment	279 537 818	-	279 537 818
Agricultural	67 500	-	67 500
Investment Property	36 670 418	-	36 670 418
Intangible Assets	725 218	-	725 218
Heritage Assets	1 335 555	-	1 335 555
Non-Current Receivables from Exchange Transactions	102 990	-	102 990
Non-Current Receivables from Non-Exchange Transactions	21 227	-	21 227
Inventory	72 112	-	72 112
Receivables from exchange transactions	3 397 534	-	3 397 534
Receivables from non-exchange transactions	1 784 660	-	1 784 660
Taxes	6 347 260	-	6 347 260
Current Portion of Long-term Receivables	101 402	-	101 402
Cash and Cash Equivalents	7 400 803	-	7 400 803
		-	
<b>Statement of Financial Performance</b>			
Property Rates	8 387 927	-	8 387 927
Government Grants and Subsidies	115 165 037	-	115 165 037
Actuarial Gains	1 066 259	-	1 066 259
Availability Charges	-	5 483 124	5 483 124
Fines, Penalties and Forfeits	49 950	-	49 950
Service Charges	38 849 642	(5 483 124)	33 366 518
Sales of Goods and Rendering of Services	178 407	-	178 407
Rental from Fixed Assets	349 873	-	349 873
Interest Earned - External Investments	1 072 322	-	1 072 322
Interest Earned - Exchange Transactions	1 135 683	-	1 135 683
Licences and Permits	657	-	657
Agency Services	925 592	-	925 592
Operational Revenue	1 834 998	-	1 834 998
Employee related costs	(39 913 238)	-	(39 913 239)
Remuneration of Councillors	(3 031 625)	-	(3 031 625)
Bad Debts Written Off	(10 873 970)	-	(10 873 970)
Contracted Services	(11 399 850)	(182 147)	(11 581 996)
Depreciation and Amortisation	(8 997 064)	-	(8 997 064)
Finance Costs	(2 786 675)	-	(2 786 675)
Bulk Purchases	(20 464 378)	-	(20 464 378)
Inventory Consumed	(1 773 259)	182 147	(1 591 112)
Operating Leases	(201 014)	-	(201 014)
Transfers and Subsidies	(4 381)	-	(4 381)
Operational Costs	(7 264 223)	-	(7 264 223)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	318	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables	2 616 702	-	2 616 702
Gains/(Loss) on Sale of Fixed Assets	1 787 865	-	1 787 865
Water Losses	(64 412)	-	(64 412)
<b>Net Surplus/(Deficit) for the year</b>	<b>66 647 142</b>	<b>-</b>	<b>66 647 142</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>43. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
<b>43.1 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>	-	279 537 818
Cost	-	(88 706 904)
Operational Expenditure incorrectly recognised as Capital Under Construction in periods before 1 July 2017 - Note 2	-	(4 854 166)
Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	291 165
Infrastructure Assets recognised incorrectly in previous years - Note 2	-	(63 362 359)
Land recognised incorrectly in periods before 1 July 2017 - Note 2	-	(1 973 258)
Buildings recognised incorrectly in periods before 1 July 2017 - Note 2	-	(8 875 340)
Community Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	(9 932 946)
Accumulated Depreciation	-	64 840 625
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	(15 328)
Accumulated Impairment Losses Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	56
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	58 797 209
Accumulated Depreciation Infrastructure Assets recognised incorrectly in 2017/2018 - Note 2	-	(1 426 599)
Accumulated Depreciation Buildings recognised incorrectly in periods before 1 July 2017 - Note 2	-	4 571 594
Accumulated Depreciation Buildings recognised incorrectly in 2017/2018 - Note 2	-	463 299
Accumulated Depreciation Community Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	2 474 712
Accumulated Depreciation Community Assets recognised incorrectly in 2017/2018 - Note 2	-	(24 317)
<b>Restated Balance</b>	-	<b>255 671 540</b>
Reconstructing of Asset Register.		
<b>43.2 Investment Property</b>		
<b>Balance previously reported</b>	-	36 670 418
Reversal of prior year corrections - period before 1 July 2017 - Note 4	-	(10 282 218)
Investment Property not recognised in periods before 1 July 2017 - Note 4	-	9 579 300
Investment Property property recognised incorrectly in periods before 1 July 2017 - Note 4	-	(1 237 800)
<b>Restated Balance</b>	-	<b>34 729 700</b>
Reconstructing of Asset Register.		
<b>43.3 Heritage Assets</b>		
<b>Balance previously reported</b>	-	1 335 555
Recognise Loeriesfontein Museum in periods before 1 July 2017 - Note 6	-	282 500
<b>Restated Balance</b>	-	<b>1 618 055</b>
Recognise museum not previously recorded.		
<b>43.4 Receivables from Exchange Transactions</b>		
<b>Balance previously reported</b>	-	3 397 534
Correction of Consumer Accounts - Note 10	-	(7 847)
<b>Restated Balance</b>	-	<b>3 389 686</b>
Correction of Consumer Accounts.		
<b>43.5 Cash and Cash Equivalents</b>		
<b>Balance previously reported</b>	-	7 400 803
Correction of Unreconciled Items in periods before 1 July 2017 - Note 12	-	(79 721)
<b>Restated Balance</b>	-	<b>7 321 082</b>
Correction of Unreconciled Items.		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 43.6 Trade and Other Payables from Exchange Transactions

Balance previously reported	-	53 735 153
Correction of Trade Payables in 2017/2018 - Note 18	-	9 470
Correction of Other Payables in periods before 1 July 2017 - Note 18	-	(872 010)
<b>Restated Balance</b>	<b>-</b>	<b>52 872 613</b>

Correction of Trade and Other Payables.

## 43.7 Accumulated Surplus/(Deficit) - 1 July 2017

Correction of Unreconciled Items in periods before 1 July 2017 - Note 43.5	-	(79 721)
Correction of Other Payables in periods before 1 July 2017 - Note 43.6	-	872 010
Recognise Loeriesfontein Museum in periods before 1 July 2017 - Note 43.3	-	282 500
Operational Expenditure incorrectly recognised as Capital Under Construction in periods before 1 July 2017 - Note 43.1	-	(4 854 166)
Reversal of prior year corrections - period before 1 July 2017 - Note 43.2	-	(10 282 218)
Investment Property not recognised in periods before 1 July 2017 - Note 43.2	-	9 579 300
Investment Property property recognised incorrectly in periods before 1 July 2017 - Note 43.2	-	(1 237 800)
Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	291 165
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(15 328)
Accumulated Impairment Losses Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	56
Infrastructure Assets recognised incorrectly in previous years - Note 43.1	-	(63 362 359)
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	58 797 209
Land recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(1 973 258)
Buildings recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(8 875 340)
Accumulated Depreciation Buildings recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	4 571 594
Community Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(9 932 946)
Accumulated Depreciation Community Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	2 474 712
<b>Total</b>	<b>-</b>	<b>(23 744 589)</b>

## 43.8 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Property Rates		8 387 927	-	8 387 927
Government Grants and Subsidies		115 165 037	-	115 165 037
Actuarial Gains		1 066 259	-	1 066 259
Availability Charges		5 483 124	-	5 483 124
Fines, Penalties and Forfeits		49 950	-	49 950
Service Charges	43.4	33 366 518	(7 847)	33 358 671
Sales of Goods and Rendering of Services		178 407	-	178 407
Rental from Fixed Assets		349 873	-	349 873
Interest Earned - External Investments		1 072 322	-	1 072 322
Interest Earned - Exchange Transactions		1 135 683	-	1 135 683
Licences and Permits from Exchange Transactions		657	-	657
Agency Services		925 592	-	925 592
Operational Revenue		1 834 998	-	1 834 998
<b>Total</b>		<b>169 016 347</b>	<b>(7 847)</b>	<b>169 008 499</b>
<b>Expenditure</b>				
Employee related costs		(39 913 239)	-	(39 913 239)
Remuneration of Councillors		(3 031 625)	-	(3 031 625)
Bad Debts Written Off		(10 873 970)	-	(10 873 970)
Contracted Services		(11 581 996)	-	(11 581 996)
Depreciation and Amortisation	43.1	(8 997 064)	(987 618)	(9 984 682)
Finance Costs		(2 786 675)	-	(2 786 675)
Bulk Purchases		(20 464 378)	-	(20 464 378)
Inventory Consumed		(1 591 112)	-	(1 591 112)
Operating Leases		(201 014)	-	(201 014)
Transfers and Subsidies		(4 381)	-	(4 381)
Operational Costs	43.6	(7 264 223)	(9 470)	(7 273 694)
<b>Total</b>		<b>(106 709 678)</b>	<b>(997 088)</b>	<b>(107 706 766)</b>



HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		318	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables		2 616 702	-	2 616 702
Gains/(Loss) on Sale of Fixed Assets		1 787 865	-	1 787 865
Water Losses		(64 412)	-	(64 412)
Total		<b>4 340 473</b>	<b>-</b>	<b>4 340 473</b>
Net Surplus/(Deficit) for the year		<b>66 647 142</b>	<b>(1 004 935)</b>	<b>65 642 207</b>

**44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

Surplus/(Deficit) for the year	51 598 562	65 642 207
<b><u>Adjustments (Cash and Non-Cash) for:</u></b>		
Depreciation and Amortisation	12 899 938	9 794 178
Loss/(Gain) on Sale of Fixed Assets	143 703	616 309
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	10 879	-
Profit/(Loss) on Fair Value Adjustments	(8 431 300)	-
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	(318)
Contributed Property, Plant and Equipment	(1 000 000)	-
Government Grants and Subsidies received	91 396 000	120 800 000
Government Grants and Subsidies recognised as revenue	(97 056 964)	(115 165 037)
Contribution to provisions – Non-Current Provisions	1 695 698	1 580 796
Contribution from/to provisions - Non-Current Employee Benefits	1 045 803	4 512 066
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(1 084 048)	(1 066 259)
Contribution from/to - Current Employee Benefits	433 570	124 230
Contribution to provisions – Bad Debt	4 265 198	(3 086 411)
Bad Debts written off	4 889 493	10 873 970
Operating Surplus/(Deficit) before changes in working capital	60 806 531	94 625 732
Changes in working capital	(20 751 730)	6 465 897
Increase/(Decrease) in Trade and Other Payables	(10 617 961)	14 729 946
Increase/(Decrease) in Taxes	92 219	(4 765 476)
(Increase)/Decrease in Inventory	(103 502)	(17 042)
(Increase)/Decrease in Receivables from Exchange Transactions	(7 813 614)	(4 941 872)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(2 308 872)	1 460 342
<b>Cash generated/(absorbed) by operations</b>	<b>40 054 801</b>	<b>101 091 629</b>

**45. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Current Accounts - Note 12	264 289	673 137
Call Deposits and Investments - Note 12	2 334 702	6 646 445
Cash Floats - Note 12	1 500	1 500
<b>Total cash and cash equivalents</b>	<b>2 600 491</b>	<b>7 321 082</b>

**46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 45	2 600 491	7 321 082
<b><u>Less:</u></b>	<b>-</b>	<b>(5 660 964)</b>
Unspent Transfers and Subsidies - Note 19	-	(5 660 964)
Net cash resources available for internal distribution	2 600 491	1 660 118
Allocated to:		
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Reserve	-	-
<b>Resources available for working capital requirements</b>	<b>2 600 491</b>	<b>1 660 118</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 13	164 440	350 773
Used to finance property, plant and equipment - at cost	(164 440)	(350 773)
	<hr/>	<hr/>
Cash set aside for the repayment of long-term liabilities	-	-
	<hr/>	<hr/>
<b>Cash invested for repayment of long-term liabilities</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>-</b> <hr/>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

**48. BUDGET INFORMATION****48.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

**Explanation of variances greater than 5%: Final Budget and Actual Amounts****48.2 Statement of Financial Position****48.2.1 Current Assets**

Cash

*Enticipated to have roll over funds but all Grant expenditure was spend by year end*

Consumer Debtors

*Provision for Debt Impairment increased due to non payment of debtors.*

Other Debtors

*Possible VAT owed by SARS to the Municipality.*

Current Portion of long-term receivables

*Part of Consumer debtors budget.*

Inventory

*Water inventory increased due to new Plant in Loeriesfontein*

**48.2.2 Non-Current Assets**

Long-term Receivables

*Part of Consumer debtors budget.*

Investments

*Document reasons*

Investment Property

*Reconstructuring of Asset Register.*

Property, Plant and Equipment

*Reconstructuring of Asset Register.*

Agricultural Assets

*Reconstructuring of Asset Register.*

Intangible Assets

*New servitude to be registered for the Loeriesfontein Bulk Water Supply project*

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**48.2.3 Current Liabilities**

Borrowing

*The payment of installment were budgeted under income/Expenditure*

Consumer Deposits

*Hall Deposits included as Deposits due to mSCOA conversion*

Trade and Other Payables

*Inclusion of Department of Transport, Safety and Liaison*

Provisions

*Increase and salaries as well*

**48.2.4 Non-Current Liabilities**

Borrowing

*Lease liability with be settled within 12 twelve months therefore transferred to current liability*

Provisions

*Increase in rehabilitation costs for landfill sites*

**48.2.5 Net Assets**

Accumulated Surplus/(Deficit)

*Document reasons*

Reserves

*Restructuring of Asset register*

**Statement of Financial Performance****48.2.6 Revenue**

Service Charges - Water Revenue

*Decrease due to current economic climate and drought.*

Service Charges - Sanitation Revenue

*Decrease due to current economic climate and drought.*

Service Charges - Refuse Revenue

*Decrease due to current economic climate and drought.*

Rental of Facilities and Equipment

*Comonage not rented out as anticipated.*

Interest Earned - External Investments

*Grant funding (RBIG and MIG) invested during course of project.*

Interest Earned - Outstanding Debtors

*Increase of non payment of Debtors*

Fines

*Increase in fine income received.*

Licences and Permits

*Decrease in licences issued.*

Agency Services

*Function transferred to Post Office by the Department of Transport, Safety and Liaison*

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**48.2.7 Expenditure**

Employee Related Costs

*Salary increases for the year*

Debt Impairment

*Over budget of debt impairment because of prior year results*

Depreciation and Asset Impairment

*Reconstructing of Asset Register.*

Finance Charges

*Document reasons*

Bulk Purchases

*Over budget due to prior year results*

Other Materials

*Less inventory purchased during year*

Contracted Services

*Repairs on fleet for the current financial year*

Transfers and Grants

*Bursaries for students registrations*

Other Expenditure

*Expenditure increased during the year*

Loss on Disposal of PPE

*Restructuring of Asset Register*

**Cash Flow Statement**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**48.2.8 Net Cash from Operating Activities**

Taxation

*Economic conditions made that debtors cannot pay their accounts*

Service Charges

*Economic conditions made that debtors cannot pay their accounts*

Interest

*More grant income received during the year*

Finance costs

*Land fill site interest and epost employment benefit interest*

**48.2.9 Net Cash from Investing Activities**

Decrease/(Increase) in Non-Current Debtors

*Payment arrangements were honoured during the year.*

Capital Assets

*Restructuring of Asset register - Additions*

**48.2.10 Net Cash from Financing Activities**

Increase/(Decrease) in Consumer Deposits

*New Connections for the year*

Repayment of Borrowing

*Payment of finance leases for the year*

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>49.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	16 152 123	24 270 989
Correction of prior period error	-	4 854 166
Restated opening balance	16 152 123	29 125 155
Unauthorised expenditure current year - operational	8 748 861	13 217 466
Unauthorised expenditure current year - capital	381 379	2 934 657
Approved by Council	(16 152 123)	(29 125 154)
Current	-	-
Prior Period	(16 152 123)	(29 125 154)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	<b>9 130 240</b>	<b>16 152 123</b>

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of 2018 approved budget - Operating	None	-	13 217 466
Over expenditure of 2018 approved budget - Capital	None	-	2 934 657
Over expenditure of 2019 approved budget - Operating	None	8 748 861	-
Over expenditure of 2019 approved budget - Capital	None	381 379	-
		<b>9 130 240</b>	<b>16 152 123</b>

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	8 748 861	13 217 466
Cash	-	-
	<b>8 748 861</b>	<b>13 217 466</b>

**Analysed as follows: Non-cash**

Employee related cost (Actuarial Valuations)	-	1 253 360
Depreciation and Amortisation	8 748 861	8 936 840
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	-	-
Loss on disposal of Property, Plant and Equipment	-	-
Impairment Losses	-	3 027 266
Other (list)	-	-
	<b>8 748 861</b>	<b>13 217 466</b>

**Analysed as follows: Cash**

Bulk Purchases	-	-
Contracted Services	-	-
Employee related cost	-	-
Operational Costs	-	-
Other (list)	-	-
	<b>-</b>	<b>-</b>

# HANTAM MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The overspending of the Budget per municipal vote can be summarised as follows:

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Executive and Council	13 216 604	14 184 320	(967 716)	-
Vote 2 - Budget and Treasury Office	12 496 683	12 439 881	56 802	56 802
Vote 3 - Corporate Services	8 097 038	9 048 459	(951 421)	-
Vote 4 - Community and Social Services	2 555 392	2 837 084	(281 692)	-
Vote 5 - Sport and Recreation	1 334 943	1 015 163	319 780	319 780
Vote 6 - Public Safety	497 130	113 621	383 509	383 509
Vote 7 - Planning and Development	454 720	476 954	(22 234)	-
Vote 8 - Road Transport	8 868 538	7 549 645	1 318 893	1 318 893
Vote 9 - Electricity	28 691 530	37 193 589	(8 502 059)	-
Vote 10 - Water	18 995 944	12 326 067	6 669 877	6 669 877
Vote 11 - Waste Water Management	4 934 124	5 112 155	(178 031)	-
Vote 12 - Solid Waste	13 485 053	13 585 321	(100 268)	-
Vote 13 - Other	101 168	109 516	(8 348)	-
	<b>113 728 867</b>	<b>115 991 775</b>	<b>(2 262 908)</b>	<b>8 748 861</b>

### Unauthorised expenditure current year - capital

Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Budget and Treasury Office	75 156	130 000	(54 844)	-
Vote 3 - Corporate Services	249 107	235 000	14 107	14 107
Vote 5 - Sport and Recreation	31 522	65 000	(33 478)	-
Vote 8 - Road Transport	4 940 551	5 921 634	(981 083)	-
Vote 9 - Electricity	369 798	25 000	344 798	344 798
Vote 10 - Water	38 785 507	51 772 000	(12 986 493)	-
Vote 11 - Waste Water Management	1 856 840	1 834 366	22 474	22 474
Vote 12 - Solid Waste	1 366 430	1 497 000	(130 571)	-
	<b>47 674 911</b>	<b>61 480 000</b>	<b>(13 805 089)</b>	<b>381 379</b>

## 49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	862 560	862 560
Correction of prior period error	-	-
Restated opening balance	862 560	862 560
Fruitless and wasteful expenditure current year	489	-
Written off by Council	(489)	-
Current	(489)	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>862 560</b>	<b>862 560</b>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019 R	2018 R
An amount of R775 000 paid to the previous municipal manager as a result of a settlement agreement.	None	775 000	775 000
An overpayment made to S.Domburg on retirement.	None	7 005	7 005
An overpayment made to K.Fourie on retirement.	None	23 555	23 555
An amount of R57 000 paid to Blaauw Leadership & Business Institute for services not delivered to the municipality.	Currently under investigation by SAPS. MAS 52/06/2019	57 000	57 000
		<b>862 560</b>	<b>862 560</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R									
<b>49.3 Irregular expenditure</b>											
Reconciliation of irregular expenditure:											
Opening balance	9 462 557	37 512 484									
Correction of prior period error	-	-									
Restated opening balance	9 462 557	37 512 484									
Irregular expenditure current year	24 073 043	81 874 475									
Expenditure authorised i.t.o. Section 32 of MFMA	-	-									
Current	-	-									
Prior Period	-	-									
Written off by council	(24 073 043)	(109 924 402)									
Current	(24 073 043)	(675 044)									
Prior Period	-	(109 249 358)									
Transfer to receivables for recovery - not condoned	-	-									
Current	-	-									
Prior Period	-	-									
Irregular expenditure awaiting further action	<b>9 462 557</b>	<b>9 462 557</b>									
Irregular expenditure can be summarised as follow:											
<table><tr><th>Incident</th><th></th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Non compliance with SCM Regulations</td><td></td><td>None</td></tr><tr><td>Competitive bidding process not followed.</td><td></td><td>None</td></tr></table>	Incident		Disciplinary steps/criminal proceedings	Non compliance with SCM Regulations		None	Competitive bidding process not followed.		None		
Incident		Disciplinary steps/criminal proceedings									
Non compliance with SCM Regulations		None									
Competitive bidding process not followed.		None									
	2 997 646	2 997 646									
	6 464 911	6 464 911									
	9 462 557	9 462 557									

Recoverability of all irregular expenditure was evaluated by Council in terms of section 32 of MFMA. Council has declared all expenditure as irrecoverable.



HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	1 978 000	1 978 000
Council subscriptions	500 000	500 000
Amount paid - current year	-	(500 000)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>2 478 000</b>	<b>1 978 000</b>
<b>50.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	2 154 919	2 767 760
Correction of prior period error	-	-
Restated opening balance	2 154 919	2 767 760
Current year audit fee	2 807 504	1 216 559
External Audit - Auditor-General	2 807 504	1 216 559
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(1 356 253)	(1 200 000)
Amount paid - previous year	(1 570 830)	(629 400)
<b>Balance unpaid (included in creditors)</b>	<b>2 035 340</b>	<b>2 154 919</b>
<b>50.3 VAT - [MFMA 125 (1)(c)]</b>		
Opening balance	3 219 738	2 279 251
Correction of prior period error	-	-
Restated opening balance	3 219 738	2 279 251
Amounts received - previous year	(2 368 926)	(1 032 719)
Amounts received - current year	(4 184 201)	(8 787 918)
Amount paid - current year	916 574	928 637
Amount paid - previous year	-	-
Amounts claimed - current year	6 082 336	10 454 727
Corrections	-	(622 239)
<b>Closing balance</b>	<b>3 665 521</b>	<b>3 219 738</b>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
<b>50.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	4 720 311	4 415 423
Amount paid - current year	(4 720 311)	(4 415 423)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	8 654 116	7 941 664
Amount paid - current year	(8 654 116)	(7 941 664)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:

	Outstanding more than 90 days
K Alexander	3 230

**50.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

**30 June 2019**

	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
July	18 168	2	4	-	-
August	40 299	3	1	-	-
September	45 501	8	-	-	-
October	54 225	8	2	-	-
November	66 529	5	-	-	13
December	87 001	10	-	-	8
January	10 613	1	1	-	1
February	123 833	10	2	-	9
March	114 660	1	2	-	15
April	128 184	7	5	-	4
May	27 583	2	-	-	6
June	93 973	3	3	-	5
	810 569	58	16	-	61

**30 June 2018**

	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
July	9 750	3	-	1	-
August	38 620	1	-	1	4
September	23 949	3	-	1	1
October	214 063	5	1	4	14
November	94 019	1	-	2	5
December	85 678	2	-	2	6
January	90 806	1	-	1	2
February	253 301	7	-	2	9
March	143 297	3	-	2	5
April	233 596	6	1	-	7
May	81 576	4	-	2	4
June	195 822	13	-	2	9
	1 464 477	49	2	20	66

Reconciliation of SCM Deviations:

	2019 R	2018 R
Opening balance	454 760	454 760
Deviations from SCM current year	810 569	1 414 577
Approved in terms of Regulation 36(1)(a) and (b)	(810 569)	(1 414 577)
Transfer to receivables for recovery - not condoned	-	-
<b>Irregular expenditure awaiting further action</b>	<b>454 760</b>	<b>454 760</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

50.8 Material losses**Electricity distribution losses**

Percentage lost during distribution  
Distribution loss (Rand Value)

13.94%	12.46%
4 004 439	3 348 314

Electricity losses is due to electricity theft on pre-paid meters.

**Water distribution losses**

Percentage lost during distribution  
Distribution loss (Rand Value)

15.89%	11.16%
3 035 344	781 188

Normal pipe bursts and field leakages are responsible for water losses.

51. **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

1% (2018: 1%) Increase in interest rates  
1% (2018: 1%) Decrease in interest rates

2019 R	2018 R
24 346	70 485
(24 346)	(70 485)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 7 and 8 for balances included in receivables that were re-negotiated for the period under review.

	2019 %	2019 R	2018 %	2018 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100.00%	175 637	100.00%	187 063
<u>Non-exchange Receivables</u>				
Rates	100.00%	12 921 636	100.00%	10 637 188
<u>Exchange Receivables</u>				
Electricity	17.06%	6 309 904	14.87%	5 026 452
Water	34.76%	12 854 798	29.25%	9 888 432
Waste Management	24.44%	9 036 204	22.23%	7 513 681
Waste Water Management	15.05%	5 564 334	14.27%	4 824 114
Other	8.69%	3 214 019	19.39%	6 553 388
	100.00%	36 979 259	100.00%	33 806 069

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
<u>Non-Current Receivables</u>				
Repay Arrangements	0.00%	-	0.00%	-
<u>Non-exchange Receivables</u>				
Rates	26.50%	11 672 817	23.07%	9 120 394
<u>Exchange Receivables</u>				
Services	73.50%	32 378 226	76.93%	30 408 535
	100.00%	44 051 044	100.00%	39 528 930

Ageing of amounts past due but not impaired are as follow:

**2019**

	Exchange Receivables	Non-exchange Receivables
1 month past due	-	240 066
2+ months past due	31 453 685	11 820 498
	31 453 685	12 060 564

**2018**

	Exchange Receivables	Non-exchange Receivables
1 month past due	-	213 917
2+ months past due	-	554 199
	-	768 116

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	175 637	187 063
Non-Current Receivables from Non-Exchange Transactions	40 052	38 555
Receivables from exchange transactions	36 979 259	33 798 221
Receivables from non-exchange transactions	13 213 927	10 905 055
Cash and Cash Equivalents	2 598 991	7 399 303
	<u>53 007 865</u>	<u>52 328 197</u>

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2019</b>				
Long-term Liabilities	177 615	-	-	-
Trade and Other Payables	42 254 653	-	-	-
	<u>42 432 268</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2018</b>				
Long-term Liabilities	236 820	177 615	-	-
Trade and Other Payables	52 872 613	-	-	-
	<u>53 109 433</u>	<u>177 615</u>	<u>-</u>	<u>-</u>
			2019 R	2018 R

**52. FINANCIAL INSTRUMENTS**

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>52.1</b>	<b>Financial Assets</b>	<b>Classification</b>		
	<b>Non-Current Receivables</b>			
	Receivables with repay arrangements	Financial Instruments at amortised cost	175 637	187 063
	Sport Club Loans	Financial Instruments at amortised cost	40 052	38 555
	<b>Receivables from Exchange Transactions</b>			
	Electricity	Financial Instruments at amortised cost	6 309 904	5 026 452
	Water	Financial Instruments at amortised cost	12 854 798	9 888 432
	Property Rentals	Financial Instruments at amortised cost	-	-
	Waste Management	Financial Instruments at amortised cost	9 036 204	7 513 681
	Waste Water Management	Financial Instruments at amortised cost	5 564 334	4 824 114
	Other Arrears	Financial Instruments at amortised cost	3 214 019	6 553 388
	<b>Cash and Cash Equivalents</b>			
	Bank Balances	Financial Instruments at amortised cost	264 289	752 859
	Call Deposits	Financial Instruments at amortised cost	2 334 702	6 646 445
	<b>Total Financial Assets</b>		<b>39 793 938</b>	<b>41 430 990</b>
	<b>Financial Instruments at amortised cost:</b>			
	Long-term Receivables	Receivables with repay arrangements	175 637	187 063
	Long-term Receivables	Sport Club Loans	40 052	38 555
	Receivables from Exchange Transactions	Electricity	6 309 904	5 026 452
	Receivables from Exchange Transactions	Water	12 854 798	9 888 432
	Receivables from Exchange Transactions	Waste Management	9 036 204	7 513 681
	Receivables from Exchange Transactions	Waste Water Management	5 564 334	4 824 114
	Receivables from Exchange Transactions	Other Arrears	3 214 019	6 553 388
	Cash and Cash Equivalents	Bank Balances	264 289	752 859
	Cash and Cash Equivalents	Call Deposits	2 334 702	6 646 445
			<b>39 793 938</b>	<b>41 430 990</b>
	<b>Total Financial Assets</b>		<b>39 793 938</b>	<b>41 430 990</b>
<b>52.2</b>	<b>Financial Liabilities</b>	<b>Classification</b>		
	<b>Long-term Liabilities</b>			
	Capitalised Lease Liability	Financial Instruments at amortised cost	164 440	350 773
	<b>Trade and Other Payables</b>			
	Trade Payables	Financial Instruments at amortised cost	13 861 769	22 287 649
	Advance Payments	Financial Instruments at amortised cost	1 197 910	713 646
	Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	71 164	100
	Other Payables	Financial Instruments at amortised cost	2 321 434	4 687 044
	Retentions	Financial Instruments at amortised cost	8 412 483	10 431 582
			<b>26 029 200</b>	<b>38 470 794</b>
	<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
	<b>Financial instruments at amortised cost:</b>			
	Long-term Liabilities	Capitalised Lease Liability	164 440	350 773
	Trade and Other Payables	Trade Payables	13 861 769	22 287 649
	Trade and Other Payables	Advance Payments	1 197 910	713 646
	Trade and Other Payables	Control, Clearing and Interface Accounts	71 164	100
	Trade and Other Payables	Other Payables	2 321 434	4 687 044
	Trade and Other Payables	Retentions	8 412 483	10 431 582
			<b>26 029 200</b>	<b>38 470 794</b>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>53. STATUTORY RECEIVABLES</b>		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
<b>Taxes</b>		
VAT Receivable	6 580 210	7 960 867
<b>Receivables from Non-Exchange Transactions</b>	12 921 636	10 637 188
Rates	12 921 636	10 637 188
<b>Total Statutory Receivables (before provision)</b>	<b>19 501 845</b>	<b>18 598 055</b>
<b>Less:</b> Provision for Debt Impairment	(11 672 817)	(9 120 394)
<b>Total Statutory Receivables (after provision)</b>	<b>7 829 028</b>	<b>9 477 661</b>
Statutory Receivables arises from the following legislation:		
Taxes	- Value Added Tax Act (No 89 of 1991)	
Rates	- Municipal Properties Rates Act (No 6 of 2004)	
Fines	- Criminal Procedures Act	
<b><u>(Rates): Ageing</u></b>		
Current (0 - 30 days)	861 072	748 677
31 - 60 Days	240 066	213 917
61 - 90 Days	246 828	194 393
+ 90 Days	11 573 670	9 480 201
<b>Total</b>	<b>12 921 636</b>	<b>10 637 188</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	9 120 394	8 605 708
Contribution to provision	2 552 423	514 686
Reversal of provision	-	-
Balance at end of year	<b>11 672 817</b>	<b>9 120 394</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
1 month past due	240 066	213 917
2+ months past due	11 820 498	554 199
	<b>12 060 564</b>	<b>768 116</b>
<b>54. IN-KIND DONATIONS AND ASSISTANCE</b>		
The Northern Cape: Provincial Treasury has assisted the municipality with asset management related services during the year. These services does not meet the recognition criteria in terms of GRAP 23, and are therefore only disclosed in the financial statements. The estimate value of the services amount to <b>R1 574 000</b> .		
<b>55. PRIVATE PUBLIC PARTNERSHIPS</b>		
Council has not entered into any private public partnerships during the financial year.		
<b>56. CONTINGENT LIABILITY</b>		
The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.		
<b>57. RELATED PARTIES</b>		
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

57.1 Related Party Transactions

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
<b>Year ended 30 June 2019</b>						
Councillors						
JE Steenkamp	-	387	319	-	706	-
FJ Sterkse	-	-	2 986	-	2 986	-
H De Wee	-	283	-	-	283	-
G Opperman	-	-	965	-	965	-
HC Steenkamp	-	-	1 612	-	1 612	-
AJE Claasen	73	416	298	-	788	-
K Alexander	-	3 230	618	-	3 849	-
RN Swartz	114	434	-	-	548	-
	<b>187</b>	<b>4 751</b>	<b>6 799</b>	<b>-</b>	<b>11 737</b>	<b>-</b>
Municipal Manager and Section 57 Employees						
Jl Swartz	-	-	-	-	-	-
JR van Wyk	522	344	-	-	866	-
	<b>522</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>866</b>	<b>-</b>
<b>Year ended 30 June 2018</b>						
Councillors						
JE Steenkamp	-	502	-	-	502	-
G Opperman	37	698	18	-	753	-
HC Steenkamp	-	-	6 860	-	6 860	-
AJE Claasen	-	3 734	2 038	-	5 771	-
K Alexander	-	-	308	-	308	-
RN Swartz	108	425	-	-	533	-
	<b>146</b>	<b>5 358</b>	<b>9 224</b>	<b>-</b>	<b>14 728</b>	<b>-</b>
Municipal Manager and Section 57 Employees						
Jl Swartz	-	283	-	-	283	-
S Tsengiwe	-	-	62	-	62	-
JR van Wyk	496	334	-	-	830	-
	<b>496</b>	<b>617</b>	<b>62</b>	<b>-</b>	<b>1 175</b>	<b>-</b>

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

57.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

57.3 Remuneration of Councillors

The annual salary increase for remuneration of councillors, as published in the Government Gazette, was 4%. The MEC for COGTHA concurred a salary increase of 2%. The increase of 4% were paid to councillors. Council took a decision to engage with COGTHA on this matter.

				2019 R	2018 R
<b>57.4 Other related party transactions</b>					
The following purchases were made during the year where Councillors or staff have an interest:					
<b>Company Name</b>	<b>Related Party</b>	<b>Service Capacity</b>	<b>Relationship</b>		
Lewis September Trading	C Barnes September	Technician: Water Service	Husband	50 350	135 850
				<b>50 350</b>	<b>135 850</b>



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**58. FINANCIAL SUSTAINABILITY**

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Hantam communities resulted in a serious risk for Hantam Municipality's going concern.

Unless sustainable job creation is achieved, Hantam Municipality will not be able to function as a going concern without Government Grants and Subsidies.

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceed the current assets with R32 988 238 (2018: R44 843 972).

In spite of the aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

**59. EVENTS AFTER REPORTING PERIOD**

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

**60. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT**

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

**APPENDIX A**  
**HANTAM MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
<b>LEASE LIABILITY</b>								
Kyocera Lease	17.16%		2020	47 871	-	-	(25 598)	22 273
Kyocera Lease	17.16%		2020	60 493	-	-	(32 348)	28 145
Kyocera Lease	22.76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	22.76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	22.76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18.57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	22.76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	22.76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18.57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	22.76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18.57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	17.16%		2020	47 872	-	-	(25 598)	22 274
Kyocera Lease	18.57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	18.57%		2020	24 261	-	-	(12 900)	11 360
<b>Total Lease Liabilities</b>				350 773	-	-	(186 333)	164 440
<b>TOTAL EXTERNAL LOANS</b>				350 773	-	-	(186 333)	164 440

**APPENDIX B**  
**HANTAM MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
1 902 000	(11 750 728)	(9 848 728)	Executive and council	3 082 048	(12 250 933)	(9 168 885)
27 860 956	(16 816 730)	11 044 225	Finance and administration	37 517 003	(19 549 539)	17 967 464
-	(1 818 135)	(1 818 135)	Internal audit	-	(2 049 719)	(2 049 719)
			<b>Community and Public Safety</b>			
1 329 441	(2 166 171)	(836 730)	Community and social services	1 103 504	(3 052 522)	(1 949 018)
6 919 328	(860 823)	6 058 505	Sport and recreation	413 698	(1 334 330)	(920 632)
-	-	-	Public safety	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			<b>Economic and Environmental Services</b>			
-	(1 960 990)	(1 960 990)	Planning and development	-	(1 560 855)	(1 560 855)
4 492 739	(7 961 632)	(3 468 893)	Road transport	4 037 061	(8 868 538)	(4 831 478)
-	(33 232)	(33 232)	Environmental protection	155 009	(54 612)	100 396
			<b>Trading Services</b>			
27 286 206	(27 367 101)	(80 895)	Energy sources	24 403 606	(25 885 719)	(1 482 113)
82 510 901	(16 626 845)	65 884 056	Water management	75 628 942	(19 263 312)	56 365 629
12 126 053	(5 544 634)	6 581 419	Waste water management	10 739 304	(5 191 521)	5 547 783
7 919 503	(13 713 661)	(5 794 158)	Waste management	7 354 353	(13 673 197)	(6 318 844)
-	(84 237)	(84 237)	<b>Other</b>	-	(101 168)	(101 168)
172 347 126	(106 704 918)	65 642 208	Sub Total	164 434 528	(112 835 966)	51 598 562
-	-	-	Less Inter-Departmental Charges	-	-	-
172 347 126	(106 704 918)	65 642 208	<b>Total</b>	164 434 528	(112 835 966)	51 598 562

**APPENDIX C**  
**HANTAM MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			<b>Executive and Council</b>			
-	(1 206 411)	(1 206 411)	Municipal Manager	-	(2 802 922)	(2 802 922)
1 902 000	(10 598 324)	(8 696 324)	Councillors	3 082 048	(10 503 438)	(7 421 390)
			<b>Budget and Treasury Office</b>			
4 169 271	(5 231 057)	(1 061 787)	Finance General	1 970 000	(8 251 613)	(6 281 613)
8 952 734	(5 637 609)	3 315 125	Accountant Revenue	10 280 619	(3 006 421)	7 274 198
-	(10 200)	(10 200)	Accountant Expenditure	8 431 300	(1 627 286)	6 804 014
-	(334 712)	(334 712)	Supply Chain Management	-	(628 265)	(628 265)
			<b>Corporate Services</b>			
15 228 431	(3 159 551)	12 068 879	Administration	16 505 164	(3 102 964)	13 402 200
-	(321 055)	(321 055)	Human Resources	-	(374 274)	(374 274)
(539 692)	(4 915 974)	(5 455 666)	Property Services	292 884	(4 659 143)	(4 366 259)
			<b>Community and Social Services</b>			
76 505	(130 714)	(54 210)	Cemeteries	10 030	(152 604)	(142 574)
1 252 936	(1 983 742)	(730 806)	Libraries	1 093 474	(2 402 788)	(1 309 314)
			<b>Sport and Recreation</b>			
-	(33 232)	(33 232)	Nature Reserves	-	(54 612)	(54 612)
6 903 839	(835 945)	6 067 893	Sport Ground	390 724	(1 267 104)	(876 380)
11 682	(24 877)	(13 195)	Swimming Pool	22 974	(67 226)	(44 252)
3 807	-	3 807	Caravan Park	-	-	-
			<b>Public Safety</b>			
-	(51 715)	(51 715)	Civil Defence	-	(497 130)	(497 130)
			<b>Planning and Development</b>			
-	(931 689)	(931 689)	IDP Department	-	(454 720)	(454 720)
			<b>Road Transport</b>			
3 619 482	(5 985 101)	(2 365 619)	Roads	3 495 000	(6 875 176)	(3 380 176)
873 257	(1 976 531)	(1 103 274)	Traffic Services	542 061	(1 993 363)	(1 451 302)
			<b>Electricity</b>			
27 286 206	(27 367 101)	(80 895)	Electricity Distribution	24 403 606	(25 885 719)	(1 482 113)
			<b>Water</b>			
82 510 901	(16 626 845)	65 884 056	Water Distribution	75 628 942	(19 263 312)	56 365 629
			<b>Waste Water Management</b>			
12 126 053	(5 544 634)	6 581 419	Waste Water Management	10 739 304	(3 870 562)	6 868 742
			<b>Solid Waste</b>			
7 919 503	(13 713 661)	(5 794 158)	Waste Removal	7 354 353	(13 673 197)	(6 318 844)
			<b>Other</b>			
-	(84 237)	(84 237)	Aerodrome	-	(101 168)	(101 168)
-	-	-	Vehicle Account	-	(1 320 959)	(1 320 959)
			<b>Environmental Health</b>			
50 212	-	50 212	Environmental Health	192 044	-	192 044
172 347 126	(106 704 918)	65 642 208	Sub Total	164 434 528	(112 835 966)	51 598 562
-	-	-	Less Inter-Departmental Charges	-	-	-
172 347 126	(106 704 918)	65 642 208	<b>Total</b>	164 434 528	(112 835 966)	51 598 562

**APPENDIX D**  
**HANTAM MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
<b><u>National Government Grants</u></b>											
Equitable Share	-	-	-	22 818 000	-	-	(22 818 000)	-	-	-	-
Local Government Financial Management	-	-	-	1 970 000	-	-	(1 970 000)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	7 436 000	-	-	-	(7 436 000)	-	-	-
Integrated National Electrification Program	-	-	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	49 247 000	-	-	-	(49 247 000)	-	-	-
Expanded Public Works Programme	-	-	-	1 345 000	-	-	(1 345 000)	-	-	-	-
Municipal Water Infrastructure Grant	-	-	-	7 500 000	-	-	-	(7 500 000)	-	-	-
Municipal Disaster Grant	5 660 964	-	5 660 964	-	-	-	-	(5 660 964)	-	-	-
<b>Total National Government Grants</b>	<b>5 660 964</b>	<b>-</b>	<b>5 660 964</b>	<b>90 316 000</b>	<b>-</b>	<b>-</b>	<b>(26 133 000)</b>	<b>(69 843 964)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Provincial Government Grants</u></b>											
Libraries, Archives and Museums	-	-	-	1 080 000	-	-	(1 080 000)	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 080 000</b>	<b>-</b>	<b>-</b>	<b>(1 080 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Grants</b>	<b>5 660 964</b>	<b>-</b>	<b>5 660 964</b>	<b>91 396 000</b>	<b>-</b>	<b>-</b>	<b>(27 213 000)</b>	<b>(69 843 964)</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

## HANTAM MUNICIPALITY - Reconciliation of Table A1 Budget Summary

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	8 833	(49)	8 784	8 421		362	95.9%	95.3%				8 380
Service charges	53 036	89	53 126	41 261		11 865	77.7%	77.8%				33 367
Investment revenue	–	–	–	347		(347)	#DIV/0!	#DIV/0!				350
Transfers recognised - operational	27 213	–	27 213	509		26 704	1.9%	1.9%				926
Other own revenue	5 559	733	6 292	41 968		(35 676)	667.0%	754.9%				34 939
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>94 642</b>	<b>773</b>	<b>95 415</b>	<b>92 507</b>		<b>2 908</b>	<b>97.0%</b>	<b>97.7%</b>				<b>77 961</b>
Employee costs	41 314	(1 924)	39 390	–	–	39 390	0.0%	0.0%	–	–	–	–
Remuneration of councillors	3 255	(170)	3 084	35 494	–	(32 410)	1150.8%	1090.5%	–	–	–	38 847
Debt impairment	–	–	–	3 103	–	(3 103)	#DIV/0!	#DIV/0!	–	–	–	3 032
Depreciation & asset impairment	8 042	(883)	7 159	4 265	–	2 894	59.6%	53.0%	–	–	–	(2 617)
Finance charges	2 186	16	2 201	12 900	–	(10 699)	586.0%	590.2%	–	–	–	9 985
Materials and bulk purchases	26 390	1 202	27 592	26 482	–	1 110	96.0%	100.4%	–	–	–	23 251
Transfers and grants	158	(108)	50	12 480	–	(12 429)	24810.4%	7901.0%	–	–	–	11 582
Other expenditure	32 032	2 196	34 228	1 724	–	32 504	5.0%	5.4%	–	–	–	1 595
<b>Total Expenditure</b>	<b>113 376</b>	<b>329</b>	<b>113 705</b>	<b>96 448</b>	<b>–</b>	<b>17 258</b>	<b>84.8%</b>	<b>85.1%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>85 675</b>
<b>Surplus/(Deficit)</b>	<b>(18 735)</b>	<b>444</b>	<b>(18 291)</b>	<b>(3 941)</b>		<b>(14 350)</b>	<b>21.5%</b>	<b>21.0%</b>				<b>(7 714)</b>
Transfers recognised - capital	61 837	(2 220)	59 617	(19 245)		78 862	-32.3%	-31.1%				(24 339)
Contributions recognised - capital & contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>43 102</b>	<b>(1 776)</b>	<b>41 326</b>	<b>(23 187)</b>		<b>64 513</b>	<b>-56.1%</b>	<b>-53.8%</b>				<b>(32 052)</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<b>Surplus/(Deficit) for the year</b>	<b>43 102</b>	<b>(1 776)</b>	<b>41 326</b>	<b>(23 187)</b>		<b>64 513</b>	<b>-56.1%</b>	<b>-53.8%</b>				<b>(32 052)</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	61 403	(2 220)	59 183	45 583		13 600	77.0%	74.2%				96 718
Public contributions & donations	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Borrowing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Internally generated funds	800	1 497	2 297	2 092		205	91.1%	261.5%				511
<b>Total sources of capital funds</b>	<b>62 203</b>	<b>(723)</b>	<b>61 480</b>	<b>47 675</b>		<b>13 805</b>	<b>77.5%</b>	<b>76.6%</b>				<b>97 228</b>
<b>Cash flows</b>												
Net cash from (used) operating	67 024	(17 498)	49 526	40 055		–	80.9%	59.8%				101 092
Net cash from (used) investing	(62 203)	723	(61 480)	(44 666)		–	72.7%	71.8%				(94 401)
Net cash from (used) financing	(572)	15 615	15 043	(109)		–	-0.7%	19.1%				(76)
<b>Cash/cash equivalents at the year end</b>	<b>22 779</b>	<b>(13 160)</b>	<b>9 619</b>	<b>2 600</b>		<b>–</b>	<b>27.0%</b>	<b>11.4%</b>				<b>7 401</b>

## HANTAM MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	29 571	590	30 161	40 599		(10 438)	134.6%	137.3%				29 763
Executive and council	1 998	–	1 998	3 082		(1 084)	154.3%	154.3%				1 902
Finance and administration	27 573	590	28 163	37 517		(9 354)	133.2%	136.1%				27 861
Internal audit	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<i>Community and public safety</i>	4 206	(2 104)	2 102	1 517		585	72.2%	36.1%				8 249
Community and social services	1 119	(12)	1 107	1 104		3	99.7%	98.6%				1 329
Sport and recreation	3 087	(2 092)	995	414		582	41.6%	13.4%				6 919
Public safety	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Housing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Health	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<i>Economic and environmental services</i>	4 330	(21)	4 309	4 192		117	97.3%	96.8%				4 493
Planning and development	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Road transport	4 330	(21)	4 309	4 037		272	93.7%	93.2%				4 493
Environmental protection	–	–	–	155		(155)	#DIV/0!	#DIV/0!				–
<i>Trading services</i>	118 371	88	118 459	118 126		333	99.7%	99.8%				129 851
Electricity	30 353	–	30 353	24 404		5 949	80.4%	80.4%				27 294
Water	65 610	–	65 610	75 629		(10 019)	115.3%	115.3%				82 511
Waste water management	12 896	(1)	12 895	10 739		2 155	83.3%	83.3%				12 126
Waste management	9 513	90	9 602	7 354		2 248	76.6%	77.3%				7 920
<i>Other</i>	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<b>Total Revenue - Standard</b>	<b>156 479</b>	<b>(1 447)</b>	<b>155 032</b>	<b>164 435</b>		<b>(9 403)</b>	<b>106.1%</b>	<b>105.1%</b>				<b>172 355</b>

## HANTAM MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	32 444	1 291	33 735	33 850	-	(115)	100.3%	104.3%	-	-	-	30 386
Executive and council	12 065	149	12 214	12 251	-	(37)	100.3%	101.5%	-	-	-	11 751
Finance and administration	20 379	(828)	19 551	19 550	-	2	100.0%	95.9%	-	-	-	16 817
Internal audit	-	1 970	1 970	2 050	-	(80)	104.0%	#DIV/0!	-	-	-	1 818
<i>Community and public safety</i>	4 515	(839)	3 676	4 387	-	(711)	119.3%	97.2%	-	-	-	3 027
Community and social services	3 273	(373)	2 900	3 053	-	(153)	105.3%	93.3%	-	-	-	2 166
Sport and recreation	1 242	(466)	776	1 334	-	(558)	171.9%	107.4%	-	-	-	861
Public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Economic and environmental services</i>	10 835	(1 946)	8 889	10 484	-	(1 595)	117.9%	96.8%	-	-	-	9 956
Planning and development	1 915	(332)	1 583	1 561	-	22	98.6%	81.5%	-	-	-	1 961
Road transport	8 860	(1 614)	7 247	8 869	-	(1 622)	122.4%	100.1%	-	-	-	7 962
Environmental protection	59	-	59	55	-	5	91.9%	91.9%	-	-	-	33
<i>Trading services</i>	65 461	1 834	67 296	64 014	-	3 282	95.1%	97.8%	-	-	-	63 243
Electricity	33 258	3 321	36 579	25 886	-	10 693	70.8%	77.8%	-	-	-	27 358
Water	13 745	(1 622)	12 123	19 263	-	(7 140)	158.9%	140.1%	-	-	-	16 627
Waste water management	5 517	(456)	5 062	5 192	-	(130)	102.6%	94.1%	-	-	-	5 545
Waste management	12 941	590	13 532	13 673	-	(142)	101.0%	105.7%	-	-	-	13 714
<i>Other</i>	121	(11)	110	101	-	8	92.4%	83.6%	-	-	-	102
<b>Total Expenditure - Standard</b>	113 376	329	113 705	112 836	-	869	99.2%	99.5%	-	-	-	106 713
<b>Surplus/(Deficit) for the year</b>	43 102	(1 776)	41 326	51 599	-	(10 272)	124.9%	119.7%	-	-	-	65 642



## HANTAM MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	1 998	–	1 998	3 082		(1 084)	154.3%	154.3%				1 902
Vote 2 - Budget and Treasury Office	11 841	(50)	11 791	20 682		(8 891)	175.4%	174.7%				13 122
Vote 3 - Corporate Services	15 648	724	16 372	16 798		(426)	102.6%	107.4%				14 689
Vote 4 - Community and Social Services	1 119	(12)	1 107	1 104		3	99.7%	98.6%				1 329
Vote 5 - Sport and Recreation	3 087	(2 092)	995	414		582	41.6%	13.4%				6 919
Vote 6 - Public Safety	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Vote 7 - Planning and Development	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Vote 8 - Road Transport	4 330	(21)	4 309	4 037		272	93.7%	93.2%				4 493
Vote 9 - Electricity	30 353	1 849	32 202	24 404		7 798	75.8%	80.4%				27 294
Vote 10 - Water	65 610	177	65 787	76 522		(10 735)	116.3%	116.6%				82 511
Vote 11 - Waste Water Management	12 896	259	13 155	10 739		2 416	81.6%	83.3%				12 126
Vote 12 - Solid Waste	9 513	90	9 602	7 354		2 248	76.6%	77.3%				7 920
Vote 13 - Other	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Vote 14 - Environmental Health	84	(84)	–	192		(192)	#DIV/0!	227.7%				50
<b>Total Revenue by Vote</b>	<b>156 479</b>	<b>839</b>	<b>157 318</b>	<b>165 327</b>		<b>(8 010)</b>	<b>105.1%</b>	<b>105.7%</b>				<b>172 355</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive and Council	12 065	2 119	14 184	13 217	–	968	93.2%	109.5%	–	–	–	11 805
Vote 2 - Budget and Treasury Office	12 390	50	12 440	12 497	–	(57)	100.5%	100.9%	–	–	–	11 214
Vote 3 - Corporate Services	9 457	(409)	9 048	8 097	–	951	89.5%	85.6%	–	–	–	8 397
Vote 4 - Community and Social Services	3 164	(327)	2 837	2 555	–	282	90.1%	80.8%	–	–	–	2 114
Vote 5 - Sport and Recreation	1 301	(286)	1 015	1 335	–	(320)	131.5%	102.6%	–	–	–	894
Vote 6 - Public Safety	109	5	114	497	–	(384)	437.5%	455.6%	–	–	–	52
Vote 7 - Planning and Development	447	30	477	455	–	22	95.3%	101.7%	–	–	–	932
Vote 8 - Road Transport	8 860	(1 311)	7 550	8 869	–	(1 319)	117.5%	100.1%	–	–	–	7 962
Vote 9 - Electricity	33 258	3 936	37 194	28 692	–	8 502	77.1%	86.3%	–	–	–	27 358
Vote 10 - Water	13 745	(1 419)	12 326	18 996	–	(6 670)	154.1%	138.2%	–	–	–	16 627
Vote 11 - Waste Water Management	4 719	393	5 112	4 934	–	178	96.5%	104.6%	–	–	–	5 545
Vote 12 - Solid Waste	12 941	644	13 585	13 485	–	100	99.3%	104.2%	–	–	–	13 714
Vote 13 - Other	920	(810)	110	101	–	8	92.4%	11.0%	–	–	–	102
Vote 14 - Environmental Health	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>113 376</b>	<b>2 615</b>	<b>115 992</b>	<b>113 729</b>	<b>–</b>	<b>2 263</b>	<b>98.0%</b>	<b>100.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>106 713</b>
<b>Surplus/(Deficit) for the year</b>	<b>43 102</b>	<b>(1 776)</b>	<b>41 326</b>	<b>51 599</b>		<b>(10 272)</b>	<b>124.9%</b>	<b>119.7%</b>				

## HANTAM MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	8 833	(49)	8 784	8 421		362	95.9%	95.3%				8 380
Service charges - electricity revenue	28 527	–	28 527	28 519		9	100.0%	100.0%				22 768
Service charges - water revenue	11 063	(0)	11 063	3 621		7 441	32.7%	32.7%				1 498
Service charges - sanitation revenue	6 534	–	6 534	4 367		2 167	66.8%	66.8%				4 412
Service charges - refuse revenue	6 913	90	7 002	4 754		2 248	67.9%	68.8%				4 688
Rental of facilities and equipment	1 088	7	1 096	347		748	31.7%	31.9%				350
Interest earned - external investments	–	–	–	1 198		(1 198)	#DIV/0!	#DIV/0!				1 072
Interest earned - outstanding debtors	1 946	(60)	1 886	2 124		(237)	112.6%	109.1%				1 136
Dividends received	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Fines	34	(21)	13	40		(27)	307.6%	116.5%				50
Licences and permits	–	3	3	2		0	82.8%	#DIV/0!				1
Agency services	809	–	809	509		300	62.9%	62.9%				926
Transfers recognised - operational	27 213	–	27 213	27 213		–	100.0%	100.0%				25 184
Other revenue	1 681	804	2 485	11 391		(8 906)	458.4%	677.5%				7 497
Gains on disposal of PPE	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>94 642</b>	<b>773</b>	<b>95 415</b>	<b>92 507</b>		<b>2 908</b>	<b>97.0%</b>	<b>97.7%</b>				<b>77 961</b>
<b>Expenditure By Type</b>												
Employee related costs	41 314	(1 924)	39 390	35 494	–	3 896	90.1%	85.9%	–	–	–	38 847
Remuneration of councillors	3 255	(170)	3 084	3 103	–	(18)	100.6%	95.3%	–	–	–	3 032
Debt impairment	12 981	–	12 981	4 265	–	8 716	32.9%	32.9%	–	–	–	(2 617)
Depreciation & asset impairment	8 042	(883)	7 159	12 900	–	(5 741)	180.2%	160.4%	–	–	–	9 985
Finance charges	2 186	16	2 201	4 477	–	(2 276)	203.4%	204.8%	–	–	–	2 787
Bulk purchases	24 211	889	25 100	22 005	–	3 096	87.7%	90.9%	–	–	–	20 464
Other materials	2 178	313	2 491	1 667	–	824	66.9%	76.5%	–	–	–	1 591
Contracted services	9 132	1 229	10 361	12 480	–	(2 118)	120.4%	136.7%	–	–	–	11 582
Transfers and grants	158	(108)	50	57	–	(7)	113.5%	36.1%	–	–	–	4
Other expenditure	9 919	967	10 886	15 161	–	(4 275)	139.3%	152.8%	–	–	–	18 413
Loss on disposal of PPE	–	–	–	144	–	(144)	#DIV/0!	#DIV/0!	–	–	–	(1 788)
<b>Total Expenditure</b>	<b>113 376</b>	<b>329</b>	<b>113 705</b>	<b>111 752</b>	<b>–</b>	<b>1 953</b>	<b>98.3%</b>	<b>98.6%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>102 300</b>

## HANTAM MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description  R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(18 735)	444	(18 291)	(19 245)		955	105.2%	102.7%				(24 339)
Transfers recognised - capital	61 837	(2 220)	59 617	69 844		(10 227)	117.2%	112.9%				89 981
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Contributed assets	-	-	-	1 000		(1 000)	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after capital transfers & contributions	43 102	(1 776)	41 326	51 599		(10 272)	124.9%	119.7%				65 642
Taxation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after taxation	43 102	(1 776)	41 326	51 599		(10 272)	124.9%	119.7%				65 642
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) attributable to municipality	43 102	(1 776)	41 326	51 599		(10 272)	124.9%	119.7%				65 642
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) for the year	43 102	(1 776)	41 326	51 599		(10 272)	124.9%	119.7%				65 642

## HANTAM MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Executive and Council	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Budget and Treasury Office	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 4 - Community and Social Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 5 - Sport and Recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 8 - Road Transport	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 9 - Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 10 - Water	44 247	-	44 247	31 261	-	12 986	71%	71%	3 029	-	-	76 955
Vote 11 - Waste Water Management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 12 - Solid Waste	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 13 - Other	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>44 247</b>	<b>-</b>	<b>44 247</b>	<b>31 261</b>	<b>-</b>	<b>12 986</b>			<b>3 029</b>	<b>-</b>	<b>-</b>	<b>76 955</b>
<b>Single-year expenditure</b>												
Vote 1 - Executive and Council	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Budget and Treasury Office	130	-	130	75	-	55	58%	58%	-	-	-	52
Vote 3 - Corporate Services	235	-	235	249	(14)	(14)	106%	106%	-	-	-	173
Vote 4 - Community and Social Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	51
Vote 5 - Sport and Recreation	3 065	(3 000)	65	32	-	33	48%	1%	-	-	-	5 974
Vote 6 - Public Safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 8 - Road Transport	2 549	3 373	5 922	4 941	-	981	83%	194%	-	-	-	2 686
Vote 9 - Electricity	25	-	25	370	(345)	(345)	1479%	1479%	90	90	-	1 090
Vote 10 - Water	7 525	-	7 525	7 525	-	-	100%	100%	-	-	-	3 815
Vote 11 - Waste Water Management	4 427	(2 593)	1 834	1 857	(22)	(22)	101%	42%	-	-	-	6 023
Vote 12 - Solid Waste	-	1 497	1 497	1 366	-	131	91%	#DIV/0!	-	-	-	-
Vote 13 - Other	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Capital single-year expenditure</b>	<b>17 956</b>	<b>(723)</b>	<b>17 233</b>	<b>16 414</b>	<b>(381)</b>	<b>819</b>	<b>95%</b>	<b>91%</b>	<b>90</b>	<b>90</b>	<b>-</b>	<b>19 864</b>
<b>Total Capital Expenditure - Vote</b>	<b>62 203</b>	<b>(723)</b>	<b>61 480</b>	<b>47 675</b>	<b>(381)</b>	<b>13 805</b>	<b>78%</b>	<b>77%</b>	<b>3 120</b>	<b>90</b>	<b>-</b>	<b>96 819</b>

## HANTAM MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital Expenditure - Standard</b>												
<i>Governance and administration</i>	365	-	365	324	-	41	89%	89%	-	-	-	-
Executive and council	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Finance and administration	365	-	365	324	-	41	89%	89%	-	-	-	226
Internal audit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Community and public safety</i>	3 065	(3 000)	65	32	-	33	48%	1%	-	-	-	6 025
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	51
Sport and recreation	3 065	(3 000)	65	32	-	33	48%	1%	-	-	-	5 974
Public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Economic and environmental services</i>	2 549	3 373	5 922	4 941	-	981	83%	194%	-	-	-	2 686
Planning and development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Road transport	2 549	3 373	5 922	4 941	-	981	83%	194%	-	-	-	2 686
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Trading services</i>	56 224	(1 096)	55 128	42 379	-	12 750	77%	75%	-	-	-	87 883
Electricity	25	-	25	370	-	(345)	1479%	1479%	90	90	-	1 090
Water	51 772	-	51 772	38 786	-	12 986	75%	75%	2 844	2 844	-	80 770
Waste water management	4 427	(2 593)	1 834	1 857	-	(22)	101%	42%	-	-	-	6 023
Waste management	-	1 497	1 497	1 366	-	131	91%	#DIV/0!	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>62 203</b>	<b>(723)</b>	<b>61 480</b>	<b>47 675</b>	<b>-</b>	<b>13 805</b>	<b>78%</b>	<b>77%</b>	<b>2 935</b>	<b>2 935</b>	<b>-</b>	<b>193 413</b>
<b>Funded by:</b>												
National Government	61 403	(2 220)	59 183	45 583	-	13 600	77%	74%	-	-	-	96 718
Provincial Government	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
District Municipality	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Transfers recognised - capital	61 403	(2 220)	59 183	45 583	-	13 600	77%	74%	-	-	-	96 718
Public contributions & donations	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Borrowing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Internally generated funds	800	1 497	2 297	2 092	-	205	91%	262%	-	-	-	511
<b>Total Capital Funding</b>	<b>62 203</b>	<b>(723)</b>	<b>61 480</b>	<b>47 675</b>	<b>-</b>	<b>13 805</b>	<b>78%</b>	<b>77%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97 228</b>

## HANTAM MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, peanalties and collection charges	7 066	(11)	7 055	6 137	(7 066)	-62196.6%	#VALUE!	7 804
Service charges	46 832	37	46 869	35 571	(46 832)	126962.4%	#VALUE!	34 566
Other revenue	3 485	(175)	3 310	3 833	(3 485)	-1890.2%	#VALUE!	5 384
Government - operating	27 213	-	27 213	27 213	(27 213)	#DIV/0!	#VALUE!	25 158
Government - capital	61 837	(2 220)	59 617	64 183	(61 837)	-2685.5%	#VALUE!	95 642
Interest	1 719	(1 719)	-	1 198	(1 719)	0.0%	#VALUE!	1 072
Dividends	-	-	-	-	-	#DIV/0!	#VALUE!	-
<b>Payments</b>								
Suppliers and employees	(81 128)	(13 410)	(94 538)	(96 734)	81 128	705.0%	#VALUE!	(68 452)
Finance charges	-	-	-	(1 347)	-	#DIV/0!	#VALUE!	(82)
Transfers and Grants	-	-	-	-	-	#DIV/0!	#VALUE!	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>67 024</b>	<b>(17 498)</b>	<b>49 526</b>	<b>40 055</b>	<b>(67 024)</b>	<b>#DIV/0!</b>	<b>#VALUE!</b>	<b>101 092</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	-	-	#DIV/0!	#VALUE!	-
Decrease (Increase) in non-current debtors	-	-	-	10	-	#DIV/0!	#VALUE!	94
Decrease (increase) other non-current receivables	-	-	-	-	-	#DIV/0!	#VALUE!	-
Decrease (increase) in non-current investments	-	-	-	-	-	#DIV/0!	#VALUE!	-
<b>Payments</b>								
Capital assets	(62 203)	723	(61 480)	(44 676)	62 203	-8503.5%	#VALUE!	(94 495)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(62 203)</b>	<b>723</b>	<b>(61 480)</b>	<b>(44 666)</b>	<b>62 203</b>	<b>#DIV/0!</b>	<b>#VALUE!</b>	<b>(94 401)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	#DIV/0!	#VALUE!	-
Borrowing long term/refinancing	-	-	-	-	-	#DIV/0!	#VALUE!	-
Increase (decrease) in consumer deposits	60	-	60	77	(60)	#DIV/0!	#VALUE!	79
<b>Payments</b>								
Repayment of borrowing	(632)	15 615	14 983	(186)	632	96.0%	#VALUE!	(155)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(572)</b>	<b>15 615</b>	<b>15 043</b>	<b>(109)</b>	<b>572</b>	<b>#DIV/0!</b>	<b>#VALUE!</b>	<b>(76)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>4 249</b>	<b>(1 160)</b>	<b>3 089</b>	<b>(4 721)</b>				<b>6 615</b>
Cash/cash equivalents at the year begin:	18 530	(12 000)	6 530	7 321				786
Cash/cash equivalents at the year end:	22 779	(13 160)	9 619	2 600	(22 779)	-73.1%	#VALUE!	7 401